

JPRS 75372

26 March 1980

West Europe Report

No. 1556

FBIS

FOREIGN BROADCAST INFORMATION SERVICE

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THEATER NUCLEAR FORCES

FRANCE

PRESIDENT, GENERAL STAFF DISCUSS NUCLEAR ARMS OPTIONS

Paris LE MONDE in French 8 Feb 80 p 8 LD

[Report by Jacques Isnard: "Mr Giscard D'Estaing and the General Staff Plan France's Options for the Future Nuclear Panoply"]

[Text] Mr Valery Giscard d'Estaing chaired a working session at the Elysee this Thursday, 7 February, on progress made in studies devoted to the possible choice of future weapon systems for the national nuclear deterrent force. The meeting was attended in particular by Defense Minister Yvon Bourges, Armed Forces' Chief of Staff Gen Guy Mery and Elysee special chief of staff Gen Bertrand de Montaudouin.

For several months now the general staffs, especially the armed forces' general staff, the general delegation for armaments, the Atomic Energy Commission [AEC], the Defense Ministry future planning and evaluation center and the national defense general secretariat have been trying to decide on future nuclear arms programs: new models of submarine or less vulnerable surface-to-surface strategic ballistic missiles.

The aim is to design a new type of submarine with better diving, speed, strength and noise characteristics than the existing submarines and showing better performances in destruction capacity and in the nuclear weapons carried.

As regards the surface component, the Mirage IV bombers which will gradually go out of service after 1985 and the Albion plateau surface-to-surface missiles in Haute Provience will be replaced by two rival or complementary types of weapon depending on the viewpoint you take: a subsonic cruise missile flying at low altitude to avoid enemy radar networks or a light and mobile surface-to-surface ballistic missile mounted on a truck.

At the moment, after a preliminary examination the experts prefer a mobile ballistic missile which would make extensive use of the technology acquired in the current production of M4 MIRV'ed missiles intended for submarines.

In the sphere of tactical nuclear weapons the general staffs have envisaged various solutions ranging from the reduced residual radiation weapon [arme à effet de sol] to the Neutron bomb (whose blast and heat effects are deliberately reduced) and including a medium-range mobile missile which would replace the Pluton missile. The super Pluton (around 200km range) solution seems to have some support in the general staffs alongside the choice--already made--of a medium-range air-to-surface missile (300 km) launched from the Mirage 2000 aircraft already ordered.

However, the debate among the experts on the value of France possessing an enhanced Neutron weapon, otherwise known as the Neutron Bomb, against armored attacks, is still very undecided. Mr Bourges recently indicated that, if the government decided to introduce such a weapon, French engineers were in a position to design a "militarized" neutron device in less than 5 years, in view of the laboratory studies already made by the AEC.

At the beginning of this week the Defense Ministry let it be known that the government will probably make its decision around next spring after the Defense Council, chaired by the head of state, has examined the questions. If the general staffs' studies were sufficiently advanced to enable a choice to be made at that time, the government is apparently maintaining the possibility of organizing a general defense policy debate in parliament at the end of the spring session. The president of the republic might decide to announce the decisions taken in a television interview before the assembly session.

CSO: 3100

VANBREMEERSCH INTERVIEWED ON USE OF NUCLEAR WEAPONS

Paris L'AURORE in French 4 Feb 80 p 2 LD

[*"Exclusive"* interview with Gen Claude Vanbremeersch, commander of the First French Army by Andre Bloch: *"If France Feels Directly Threatened It Will Use Its Nuclear Weapons"*--date and place not specified]

[Text] The First Army, the French army's most powerful big unit, will reach full strength in equipment during the course of the decade which starts this month. Once the modernization of its equipment has been completed it will be able to fight in a nuclear environment without any problems.

"Of course this ability to fight in an environment which might be contaminated will not be complete. The logistical transport units equipped with trucks will not be protected but they are equally exposed in all the armies of the world. Only the combat forces are equipped with leak-tight armored vehicles," Gen Claude Vanbremeersch explained in this connection.

General Vanbremeersch, who is 58 years old, was formerly the special chief of staff to the president of the republic. He was promoted to army general and appointed First Army commander and Strasbourg military governor last July.

In his view, after more than 10 years of existence, the First Army--set up after France left the NATO forces' integrated command--has now reached maturity--a maturity which makes it a formidable defense tool.

"I would not say that we are completing a period, since it will not be fully complete until 1985, but we have reached the end of a phase in this development. Indeed, the army's reorganization has now been completed (the reorganization of the last unit, the 11th Paratroop Division, is now being completed)" the First Army chief indicated.

"The doctrine governing the use of the units at various level has largely been drawn up. After a phase of change, reorganization, research and doctrine we are now entering the implementation phase.

"Finally, the five nuclear regiments equipped with Pluton tactical missiles are now operational and we have all the launchers."

Modern equipment has also been planned for this modern army. This large unit comprising two army corps with their organic elements and a total of seven armored divisions already has more than 1,100 tanks, mainly AMX30s, about 200 reconnaissance vehicles, some EBRs which are gradually being replaced by AMX 10RCs (wheeled, with guns), slightly more than 1,000 personnel carriers, the AMX 10P, [which is] gradually replacing the AMX 13, and several hundred forward armored vehicles which will total 2,000 by 1985. In 1985 4,500 modern armored vehicles will be operational.

Weak Point

Just 2 years ago the First Army's weak point was its artillery, both in surface-to-surface and the air defense elements. The problem has still not been solved but will be solved in the next 5 years.

"With regard to guns," General Vanbremeersch specified, "the rapid fire 115 AU F1 gun, which has been delayed by technical prob1 is, is now in production and we will have 260 by 1985."

With regard to air defense, the improvement of the Hawk launchers (2 regiments with 48 3-missile launchers) has been completed, the Roland system is to replace the very old 40 mm guns and the 30 mm twin tubes on tanks will be complemented by a large number of 20 mm guns.

"Therefore the two weak points are now being strengthened," General Vanbremeersch pointed out. "Equipment is being produced in considerable quantities and it is likely that by 1985 we will have a combat corps which will have made up lost time and will even have the most sophisticated equipment which could be desired."

"Indeed," the First Army chief went on, "there has been a sustained effort in the sphere of antitank weapons. The Milan missiles and the 89 mm missile launchers are now in the units and the Hot missiles are gradually being installed in Gazelle helicopters. Aside from tanks we have 3,800 antitank weapons."

"With regard to helicopters, which are also an essential tool for a modern army, we have a full complement of 300 Puma and Gazelle machines including some Alouette III-SS 11s and we have reached the updating stage."

Crossing

Of course, things are not perfect and many shortcomings and weaknesses still have to be overcome. "This applies to the sphere of engineering," General Vanbremeersch explained. "Our Gillois self-propelled bridges are certainly excellent but there are no plans to replace them before the 90s. The problem of crossing water is not unsolved but modernization will not take place until after 1985."

Indeed crossing bodies of water is still a problem for all the world's armies.

Submerged crossings require extremely detailed reconnaissance of river beds and banks; the problem of access to rivers applies equally to amphibious vehicles; as for bridges, they have to be installed, their traffic capacity is relatively slow and air superiority has to be guaranteed.

Another tricky point is that of vulnerability to bacteriological and chemical weapons.

"This is an enormous and unsolved problem," General Vanbremeersch admitted. "Bacteriological weapons are extremely difficult to control and very dangerous to use. Chemical weapons on the other hand are controllable and the Warsaw Pact armies have a vast capability in this respect. We are doing all we can to provide protection against gases and we take account of gasses in our exercises. It has to be admitted that major action of this type against our units would definitely cause disorder in allied ranks and I am not convinced that the alliance has the necessary means to respond. This is a weak point in the allied defense system even if you generally regard chemical weapons as 'Illegal'."

Most of the First Army is armored and is stationed in the eastern part of France or in Germany in order to reduce the distance which tracked vehicles would have to cover in case of action.

"There can be no doubt that it would be inadequate to have only large armored units in case of confrontation and I can therefore normally count on two additional infantry divisions--two of the new divisions--such as the 8th, 12th, 14th and 15th infantry divisions, the 27th Alpine Infantry Division or the 9th Infantry Division--which have been made 'polyvalent' by reorganization."

This provides a maneuverable mass which can fight in a suitable zone, in other words over a 100 km or 150 km front.

Where? This question is frequently debated but in General Vanbremeersch's view, the question is very clear. It is clear because General de Gaulle specified the two major hypotheses for using the First Army in 1967.

"Either we fight alongside the alliance forces in 2d line during a counter-attack at a point on the front within range of French territory--a counter-attack which has failed and to try to right a difficult situation, or the whole allied defense system is quickly defeated and we have to make this last stand at our borders to show the enemy that he will not enter our country without a fight and that if we fail we are prepared to move to the strategic level. In both cases the decision to use our forces, and the choice of time and place rests with the government."

This is the context for the hypotheses of the use of tactical nuclear weapons, whether Pluton missiles or bombs transported by aircraft.

"For me the choice is very clear," General Vanbremeersch stated. "If the First Army fights alongside the allies and, the forces' cohesion being broken the Americans use their nuclear weapons in time, the use of our Pluton missiles will be of no essential significance. They will at least have had the merit of placing our forces on the same "nuclear" footing as the others with full freedom in the use of tactical weapons."

"On the other hand if the Allied forces do not use nuclear weapons when the front is broken the French Government will be able to decide to use its nuclear weapons when it considers the country to be directly threatened. It is up to me to insure that our weapons have the greatest possible effect in themselves by using their strike power in order to provide an obstacle which will be highly significant and very clearly marked. After doing that the First Army will have accomplished its mission."

[Question] As a mass of 4,500 armored vehicles and 100,000 men, is the First Army not vulnerable to surprise attack in peacetime in view of the fact that surprise is one of the foundations of the Soviet Army's strategic doctrine?

"I do not think there is any chance of passing from the general peace of Whitsunday to a sudden attack by Soviet armored vehicles and airplanes," General Vanbremeersch said. "A completely unforeseen attack of this kind is an unrealistic hypothesis. Of course, it is not impossible for it to happen within a period of 48 hours and you cannot do a great deal in 48 hours. We French have the enormous advantage of being in the second line and the surprise element is mainly of concern to our allies. However, they have considerable air attack and air defense means. It seems unlikely that Soviet aircraft could reach French territory even in a surprise attack."

"That leaves the possibility of an airborne attack. In that case, too, we are in the second line. It is not impossible that there might be a helicopter-borne attack immediately behind the lines but that still concerns the Allied front. In view of the alliance's air defense capability I think there is no question of large-scale airborne action against France or West Germany in the initial days of a conflict or by a surprise attack."

Of course, the First Army chief thinks it is still possible for light units to be secretly parachuted in for infiltration and sabotage missions. Therefore the defense of sensitive areas is extremely important.

A surprise attack is of course a possibility but a long crisis must not be ruled out. Experience of current events proves that a crisis can develop slowly.

Should a crisis develop, the government has many ways of quickly increasing the First Army's potential to its maximum (180,000 men).

Nuclear

Nonetheless the deployment of Soviet SS-20 missiles and Backfire bombers in Eastern Europe has posed a new problem in the past few months: that of a surprise nuclear attack.

"I am discussing these weapons solely as a person concerned by the threat to the northeast theater. The SS-20 missiles are accurate enough to be used against military targets. Therefore their action could affect the battle," General Vanbremeersch said. "Their deployment has made a response necessary. That is why Cruise missile and super-Pershing missiles will be deployed to restore the balance in Europe."

The SS-20 missiles could also strike France. That is quite clear. "In that case," the First Army chief specified, "our respons would be immediate because our sanctuary would be affected. Our position is different from that of the Americans whose sanctuary is totally separate from the battlefield and from that of the Soviets whose sanctuary is relatively separate. Our sanctuary borders on the battlefield and our problem is therefore specific as regards the battle in the European Theater and the defense of our sanctuary."

CSO: 3100

PONIATOWSKI'S IDEA ON EUROPEAN NUCLEAR FORCE AIRED

Paris LE FIGARO in French 5 Feb 80 pp 1, 3 LD

[Article by Alfred Fabre-Luce: "The Gallery of Michel Poniatowski"--passages between slant lines are printed in italics]

[Text] "The Future Is Not Written Anywhere." Under this title Michel Poniatowski calls on the French to face the future and meet the modern world's challenges. His book gives them much useful information suitable for broadening their horizons, and freeing them from outmoded arguments. This is excellent. However, such an undertaking holds what I shall call the danger of "longsightedness." One is exposed to it when dealing in the future with questions calling us urgently /in the present/. The long-term perspective thus assumes the nature of a flight from reality. We must avoid all misunderstanding on that.

Last week on Europe 1, Michel Poniatowski evoked the idea of a European nuclear force. However, he envisaged this--at least with reference to the FRG--at the end of a long, hazardous process of political union and within a perspective of neutrality between the superpowers vaguely suspect of a dual suicide urge. Is this indeed how one should pose the problem?

Popular common sense dismisses the likelihood of watching a superpower nuclear war from the gallery. Here are the results of a PARIS-MATCH opinion poll published last week. "Could France remain apart from world conflict?": Yes, 29 percent; No, 65 percent. More explicitly: "Are you confident that the French nuclear deterrent will shelter France from a world conflict?": Yes, 39 percent; No, 51 percent.

Mutual destruction of the two superpowers is hardly likely. But given this hypothesis, it must be asked whether by breaking away from the United States we would not bring it closer. Each split in the Western camp is a new temptation to the Soviet leaders. One can guess at their logic: "Washington says it needs allies. Now those allies are slipping away. It will not act." On one opposes the idea of French participation in a genuine

scheme of international /detente/. But if this word is continually used haphazardly it will become as reviled as /appeasement/ was in connection with Nazi Germany. This rejection is already materializing. Alfred Gosser, in a recent France Forum discussion, said: "To say that detente must continue at all costs is to tell the Soviet Hawks: 'Go on! You have nothing to fear'."

Michel Poniatowski's remark could contribute to a caricature which would distort his beliefs. Here is that caricature: "France needs peace. We could get it by showing the USSR that its interest correctly conceived is better served by the present majority than by a Left government. We will demonstrate this by loosening Atlantic solidarity and by putting to one side, for the near future, all thoughts of organizing European defense. To those who might regret this we shall offer as consolidation the illusion of a European nuclear defense postponed indefinitely."

We have legitimate divergences of interest and opinion with the United States, but the convergences are more important.

Washington is seeking to defend its oil supply in the Middle East and ours, too. We can and must have our own ideas on the shape of future negotiations. Warning the United States of the danger of too active a policy in Central Asia, which might alarm India and give the USSR the pretext for declaring itself encircled by a U.S.-China coalition, pointing out to the United States that, by fixing a 1-month period for the evacuation of Afghanistan, it is presenting an ultimatum hardly designed to achieve the desired aim, and recalling Kissinger's adage that one should always take care to let one's opponent save face: Washington can be told all that /in its own interest/ and it is thus not incompatible with the spirit of the alliance--if the latter is clearly affirmed elsewhere in the geographic context assigned to it by the Atlantic Pact.

Recently, Moscow has been a place where French politicians went to strike attitudes. Like Georges Marchais, Jacques Chaban-Delmas seemed more sensitive to Sakharov's banishment than to the Afghanistan invasion. These /distinctions/ or about-turns are part of a political 'show' that can be seen in various lights. Jacques Chaban-Delmas believes he "spoke for" 15 percent before his trip, 90 percent afterwards (a poll corrects this to 37 percent). These personality games are only of limited interest. A national policy is called for.

If I believe Ivan Levai on this, Leonid Brezhnev asks his guest to look him in the face while he emphasizes: "Today we have 30 minutes between America's missiles and ours. We will not watch this gap reduced to six minutes by having Pershing-2 established in Germany." Is it not enough for him to know that France has left NATO? Is he now asking France to deter its European neighbors from measures which, after all, protect /it/? Does he want to remain able to destroy West Europe's military installations in a

few minutes without risking an adequate response in the same period of time? By asking us to ignore the danger to Western Europe Brezhnev is emphasizing that danger.

This is the moment to recall the calm, firm way General de Gaulle greeted similar words from the Soviet ambassador to Paris, during the Berlin crisis: "Well, if that is what you decide, we will die together!" This was no great risk when France was covered by a large U.S. military superiority over the Russians. Since then, the balance of forces has swung in favor of the Red Army. Even recently, leading commentators considered the United States no longer capable of talking to the USSR on equal terms. The American awakening invalidates their remarks. We are certainly going through a difficult passage. But the danger stems from the West's passivity in recent years. Only a few of us, alas, gave the necessary warnings then. Western opinion was quite happy to postulate Soviet pacifism as it had been formerly to rely on cheap oil until the end of the century. We are now brutally awakened to reality. It is better this way.

Since France Forum's interesting "European" debate, to which I referred, it has transpired that defense matters cannot remain for long in the background. Jean Lecanuet remarked upon this and a German European parliament member echoed him. I, for my part, said it would be difficult to believe in a Europe developing its own powers, even raising extra taxes, when it would not consider its own security a subject of common interest.

Alfred Grosser has challenged this idea. He believes France cannot escape a Gaullist tradition which tends to use Germany's economic weight to the advantage of a France felt the only one fit to wield world influence. This assessment seems to me at once naive. General de Gaulle set about caricaturing himself thus during a discussion with Henry Kissinger as the latter related in his Memoirs. This was in 1969. Having listened to one of the general's accounts, Kissinger said: "I do not see how you can stop Germany dominating the Europe you have described." "By war," de Gaulle replied. A touch of humor, clearly, but it was indicative of this plan: to compensate for our neighbor's economic superiority by a sort of nuclear deterrent wielded against it. A last union of the two peoples cannot be based on such a spirit. Perhaps de Gaulle would agree if he were still with us. In any event, there are two leading Gaullists who, last year, were the first to raise the question of Franco-German nuclear cooperation. Not the best type, it is true. But other forms are possible in the respect of treaties and susceptibilities. I called them to mind here last week.

Michel Poniatowski's statement has been called a test flight. Let us hope this flight does not disappear in the clouds.

CSO: 3100

NUCLEAR DETERRENCE, ANTICITY STRATEGY DISCUSSED

Paris DEFENSE NATIONALE in French Jan 80 pp 23-31

[Article by Guy Lewin]

[Text] Colonel Lewin's article is, to be sure, the shepherd's answer to the shepherdess announced in the presentation of Colonel Geneste's article, "From Anticity to Antipersonnel," in our December issue. But the goal sought here is not a controversy between experts, irrespective of how distinguished they may be. The importance of Colonel Lewin's account goes a great deal beyond this intention. One notes, indeed, here and there, in the press or in public debates, that the credibility and efficacy of the anti-city strategy, the foundation of the French doctrine of deterrence, is being called into question, when a large national consensus has been established concerning our defense policy. It is therefore essentially a question of answering this criticism, after having very briefly retraced the main outlines of the concept of the "weak versus the strong" defense. It would also behoove us to emphasize the danger for the future of humanity presented by the idea that atomic weapons are just weapons like any others. We will return to this danger later on.

Since the second world war, two developments have revolutionized weapons techniques: the appearance of nuclear explosives, which make it possible to bring about instantaneously, and with a limited number of weapons, considerable destruction; rapid and continued progress in the field of missiles which have supplied the means to deliver nuclear loads at a very great distance. France has profited from these new possibilities to equip herself with strategic nuclear forces [SNF] which can effect, upon the territory of an aggressor, even if a great power is involved, destruction of such magnitude that it would be unacceptable in comparison to the stakes which the conquest or the destruction of France might represent.

Deterrence results from the existence of this capacity on the technical level and the avowed determination to use it, if our vital interests are involved. The principle of deterrence is not new. But, whereas before the appearance of the atom, it sought to annihilate the adversary's hope of victory, deterrence now aims at guaranteeing him punishment out of all proportion with the expected benefits of his aggression. One has replaced the slogan "do not attack me, because even if you win, your losses will outweigh your gains."

It is obviously necessary that the capacity to destroy be assured, no matter what measures the adversary may take to protect himself or to preventively destroy our nuclear forces. This is the reason why the qualitative level of our missile loads must be constantly adapted to the progress of defensive means. This is also the reason why we must be unremittingly vigilant to assure the invulnerability of our strategic systems, especially by diversifying the constituent parts of our SNF.

As for the choice of objectives, this results from the fact that France is a medium-sized power; since the budget earmarked for defense can not be increased inordinately, the French nuclear forces will remain quantitatively small, compared with those of the great powers. We therefore target the adversary's cities, because they are objectives easy to attack, requiring no great precision in firing the missiles, and above all because we can cause great damage there with a limited number of weapons. The size of the adversary's forces does not play a role in deciding the level of destruction to be sought; this level depends solely on the value of the stakes France can represent for the aggressor. It is this anti-city strategy which makes possible "weak versus strong" deterrence.

Finally let us recall the role conventional forces play in deterrence. Their existence obliges the aggressor to use, from the outset, a volume of means which gives his intentions away, thus making it impossible to outflank the deterrence. The engagement of conventional forces aims at informing the government of the nature and level of the aggression and at granting it enough time to decide, through knowledge being available, to set in motion the SNF. Tactical nuclear weaponry (TNW) reinforces the combat capacity of conventional forces by causing a threat to hang over the enemy which forbids him strong concentrations.

But it is in the political significance of its possible use that the chief interest of the TNW is to be found: this use constitutes the final warning before recourse to strategic reprisals which France would give to an aggressor who might have doubted her firm determination. The decision to use the TNW therefore belongs to the President of the Republic, who thus has available the possibility of initiating the nuclearization of the conflict at a lower level than the SNF.

This does not involve, however, a warning shot, a gratuitous warning. The firing of the TNW should be aimed at the adversary's forces and cause them maximum losses in order to stop them in their tracks.

This possibility of a tactical nuclear warning only constitutes however one option among others and is not an obligatory step. A direct aggression on the national territory would justify an immediate strategic response.

After this review of the principal aspects of our concept of defense, let us examine the criticism of the anti-city strategy by answering those who denounce its immoral character and liken it to the taking of civilian hostages.

It is in fact true that our security relies on a threat directed against the civil population, but it is only a possible threat which could only be carried out as a result of an aggressive determination on the part of the leaders of that population. We do not use this threat in order to exercise any sort of coercion or to cover up reprehensible activities. We only wish to live in peace, free and independent.

The temptation exists to refer to the murderous consequences of bombardments of cities during the last world war; it was then a matter of reducing the adversary's potential (Dresden) or annihilating his will to resist (Hiroshima) in order to end the conflict. What we want to do now is, on the contrary, to prevent a conflict from breaking out; we threaten populations on the assumption that the taking into account of this threat will spare them all of war's unpleasantness. Is not a defense policy which seeks to make war impossible at least as moral as any other policy which would aim at acquiring the means to wage war? It is therefore only with respect to its credibility and its efficacy that we should judge the interest of the anti-city strategy.

But it is precisely this credibility and this efficacy which are being called into question in the principal criticisms of the anti-city strategy. In an interview in the NOUVEL OBSERVATEUR of 10 September 1979, Alexandre Sanguinetti states: "We will not respond to the demolition of the base of Cambrai by levelling the city of Kharkov." This terse formula sums up the thinking of all those who assume that the anti-city strike is only credible as a response to an attack of like nature and that the anti-city strategy can therefore only deter a nuclear attack against our own cities.

The problem is poorly stated. Wondering what the French response to a pinpoint attack on a military objective would be makes no sense, because it remains to be seen what interest a potential aggressor would have in carrying it out. What must be envisaged, on the other hand, is a coordinated nuclear action aimed at neutralizing our military potential, and first of all our nuclear forces: Albion, l'ile Longue, the SNF airbases and the Tactical Airforce (TACAIR), the Pluto regiments, etc. This action would scarcely be able to maintain an anti-personnel character; even with the precision on the scale of that estimated for the new SS 20 missiles, it would require the explosion on French territory of at least a hundred relatively heavy loads (300 Kt for the SS 20 warheads), against objectives which in general are not particularly isolated; destruction and civil losses would certainly be great. Would this not constitute then a sufficiently clear aggression in order to justify, for the French as well as for the aggressor, our strategic nuclear response against the enemy's cities?

No doubt would be possible on this point: an aggression against our national territory, whether aimed at our cities, industries, or means of defense, invariably would involve our vital interests and would set in motion our SNF (the SNLE on patrol, in the event that a first strike would have destroyed our land-based means of defense). It should even be added that this response is not linked to the nuclear character of the aggression. A conventional

attack, at a level sufficient to stalemate our conventional forces, would also constitute an attack on our vital interests and would justify our nuclear reaction against the aggressor's territory.

The efficacy of our deterrence is linked to the capacity to inflict on an aggressor unacceptable damage. This capacity is presently contested by arguing about the development of civil defense measures. Thus in the case of the USSR, after having evacuated or sheltered the urban population, only a fraction of their population would be directly affected by a nuclear strike.

The carrying out of an elaborate policy of civil defense by certain countries can obviously not be ignored. But the efficacy of this policy can only be partial in the industrialized countries where urbanization continues to develop. It is in fact difficult to imagine the evacuation of all the inhabitants of large cities. Shelters can reduce the total number of losses, but the protection they afford would be nil in the vicinity of the point of strong nuclear loads.

The demographic puncture which would result from a nuclear strike can thus be lessened; it will still remain large. Moreover the demographic effect is not the only one which would be sought in an anti-city strike. The neutralization of the social, economic, and administrative structures of the hostile State, the destruction of the life and activity framework of millions of people would constitute damage which it is difficult to accept, even if a portion of the population involved in this destruction were to escape sudden death. Imagine for instance the situation of the USSR with 100 or 150 of its largest cities destroyed, several tens of thousands of people killed, and as many displaced people who must be cared for by a State which has been drained of its substance. Would this situation be tolerable for the leader of a great power which wants to continue to play a preponderant role in the world? Obviously not, which is why the efficacy of the anti-city strategy, which makes it possible to obtain this result, does not appear to be in doubt.

We still have to examine the solutions proposed by those critics who condemn the anti-city strategy. These solutions are of two types, but all depend on conventional deterrence based on the possibility of halting the adversary's forces. These solutions may appear tempting in certain military circles, they are none the less bound to lose for a country like ours, opposed to a great power.

Certain proposals refer to the evolution of the two great powers' strategic weapons in anti-personnel capacity: the miniaturization and multiplication of warheads, the continual increase of precision, penetration power of nuclear warheads into the ground. As they feel that France will be obliged to follow this evolution, they recommend to make preparations now for an anti-personnel strategy.

Plain common sense immediately leads one to perceive that the equalizing power of the atom no longer applies to anti-personnel measures. A considerable number of weapons are required to attack a great power's forces. The partisans

of this strategy admit this, moreover, since they think that France can not acquire the necessary means on its own and that she will have to associate with a European partner, the Federal Republic of Germany in particular.

But, even if we possessed the desirable volume of means, this strategy would not be a deterrent. France in fact has no intention whatsoever of initiating an aggression even in the form of a pre-emptive attack on the adversary's military means. One must wonder then what the objectives of an anti-personnel strategy would be, after we have been attacked: in the case of a nuclear aggression, we could only aim at empty silos; in the case of a conventional attack, we would only be able to destroy part of the adversary's strategic nuclear forces, but that would not slow down the progress of its armies and the cost of victory would remain very supportable for him.

More convincing a priori seems the doctrine of the "tactical nuclear defense," based on the strength of an enhanced radiation weapon called "neutron bomb." The champions of this doctrine rely on the fact that from one to two meters of earth offer sufficient protection against neutron radiation whereas tank armor is practically ineffective against neutrons; they deduce that the defender who can bury himself enjoys, in the use of the neutron weapon, a decisive advantage against the assailant who perforce is moving. They consequently propose a new nuclear "Maginot line" which would assure the destruction of all armored forces attempting to cross our frontiers: the defenders buried in the ground along the frontier would make use of enhanced radiation nuclear weapons fired from mobile launchers moving about inside the territory.

Always missing, in accounts relative to this doctrine, is one precise detail, which is, however, of capital importance: what does the notion of buried defenders encompass? If it involves light observation elements, charged with forestalling the enemy's arrival, their simple presence will not be sufficient to force the adversary to effect a concentration, and the firing of the neutron weapons can only be carried out on greatly dispersed formations, therefore without great effectiveness. If, on the contrary, it involves combat units constituting a line of anti-tank resistance, which the enemy will have to cross in force, it will be necessary to put in place a sufficient volume of means to permanently cover all of our frontiers; then, not only will there be no saving of conventional forces (contrary to what the partisans of the tactical nuclear battle claim), but in addition these forces will be all the more vulnerable in that their entrenchment will indicate in advance their position on the terrain and the enemy will be able to destroy them with more powerful nuclear weapons than neutron bombs; several meters of earth will no longer be sufficient to assure their protection, which would require a large infrastructure making considerable use of concrete.

A more thorough study shows moreover that the entrenchment associated with the use of the neutron weapon offers only marginal interest. The explosion of a 1 Kt enhanced radiation load leads to the immediate neutralization of tank crews within a radius of about 1,000 meters, but has only negligible effect on unprotected personnel beyond 2,000 meters: 1.50 meters of earth are needed

to reduce risks to an acceptable level at 1,000 meters from zero point and a thickness of about 2 meters of earth to obtain the same result straight up from the explosion. But what tactical advantage can be drawn from this proximity? The principal anti-tank weapons have a range equal or superior to 2,000 meters (Milan: 2,000 meters--modern tank guns: 3,000 meters--Hot: 4,000 meters). When the terrain offers sufficient intervisibility distances, enemy armor can be held in check at distances of over 2,000 meters and can thus be caused to constitute objectives amenable to the neutron weapon, without any need to assure special protection to advanced friendly elements. In fact, the explosion at a safe distance (a little over 2,000 meters) of nuclear weapons will stop all enemy tanks to within about 1,000 meters from our frontal elements.

Why, in these conditions, bury units under defense lines frozen in advance? Would it not be more profitable to associate the use of an enhanced radiation weapon with a mobile defense, carried out by armored units whose defensive positions will not have to be frozen long in advance on the terrain?

The enhanced radiation weapon can then be usefully integrated into our defense concept by making possible the optimization of the stop hit expected from the use of the TNW. Indeed the enhanced radiation weapon can be fired in the closest contact region, where the enemy has been brought to concentrate his forces: since it causes practically no collateral damage, it can be used rather freely on the national or on friendly territory, particularly near the urbanized zones which dot most of the great axes of advance. The number of weapons required will doubtless be greater than that of our present tactical nuclear weapons, taking into account the lesser power of neutron weapons and the facility of their use, but remaining limited to the needs of a single stop hit, which would lose all value of ultimate warning if its renewal were anticipated.

If the interest offered by neutron weapons to enhance our field forces is incontestable, it would on the other hand be illusory to expect to stop by means of these weapons, even in great number, the conventional forces of an enemy which has means considerably greater than our own. It is useless in fact to multiply the number of neutron weapons without increasing the volume of forces charged with using them, that is to say with maneuvering the enemy in order to create the conditions for their effective use. Tactical nuclear deterrence is destined to fail when opposing a great power. It is therefore only in the framework of deterrence based on the anticity strategy that we ought to seek everything which can improve the efficacy of our nuclear, conventional, or tactical forces.

In conclusion, the anticity strategy remains the only strategy which makes it possible for a medium-sized power like France to have an independent defense plan capable of deterring a great power from attacking it. To be sure the means of this strategy are never acquired once and for all; they have to undergo evolution in quantity and in quality, in order to take into account technological progress, and the evolution in the adversary's offensive and defensive means. But we do not have, above all, to systematically imitate

the great powers, we only have to assure the maintenance of our capacity to inflict on any aggressor damage which would be unbearable for him, irrespective of the objectives of his aggression or its chances of success.

It is only in the framework of an anticity strategy that the desired level of damage can be guaranteed by the means in keeping with the economic, industrial, and scientific possibilities of France. Any other strategy would require much larger means, doubtless beyond our reach, and would only weaken our deterrence.

9330
CSO: 3100

THEATER NUCLEAR FORCES

FRANCE

GENERAL GALLOIS CITES ERROR OF WEST'S STRATEGY

Paris LE MONDE in French 8 Feb 80 p 8 LD

[Report by Jacques Isnard: "(Reserve) General Galloise: The West Has Adopted a Wrong Strategy"]

[Text] In the fortnightly periodical L'ACTION GAULLISTE POUR LA DEMOCRATIE edited by Mr Gilbert Granval, former minister and leader of the Gaullist Union for Democracy (which is close to the government), (Reserve) Gen Pierre-Marie Gallois writes, among other things, in an article entitled "The West Has Adopted a Wrong Strategy" that

"The governments of certain NATO European countries believe--or pretend to believe--that the Pershing-2 and surface cruise missiles proposed by Washington represent an appropriate response to the deployment of the Soviet SS-20 missiles. This is tantamount to ignoring the complete asymmetry between NATO and Warsaw Pact forces. Since NATO will never use its Pershing and Cruise missiles first whereas the command of Warsaw Pact forces is expected to take the initiative--by definition, as it were in using its SS-20 missiles, it is quite obvious that nuclear warheads for Pershing-2 and Cruise missiles depots will be the first objectives aimed at.

"Social, geographical and economic asymmetry also plays a role in this sphere --SS-20 missiles can be moved about the vast, fairly rural territories stretching each of Moscow whereas Pershing-2 missiles with warheads could not be moved through the cities and villages of a very densely populated Germany throughout the year. In fact, when you have no room for withdrawal--open spaces where you could move about arms as dangerous as those with nuclear warheads--you have to have recourse to the sea. However, conditioned by centuries of warfare when men were drawn up at borders, European countries are reluctant to engage in this kind of indirect defense of their soil even though missiles carried by submarines could successfully insure defense.

"However, first and foremost, what matters is France. It is in its interest to hold itself as much aloof as possible from a system of Western forces

which has been overtaken both by the doctrine proclaimed by the Soviets and by the arms in their possession. In fact, if, instead of furtively pursuing a policy of small-scale nuclear armaments, it had resolutely embarked on the nuclear path and if, instead of devotint 13-15 percent of its budget to them, it had created a larger submarine force it could have given its European partners the means for mitigating any possible failings on the part of the great American protector. And it would have played a role of major importance in Europe. Unfortunately, with the 1976 programming law it has embarked on a path leading into a completely opposite direction."

"It is to the sea that it is necessary to have recourse" to launch nuclear missiles, General Gallois asserts, and the least that can now be said is that the governments concerned have not waited for the views of this expert to implement his recommendation. The fleets of missile-carrying nuclear submarines have been developed on an unprecedented scale both in the East and in the West. In particular, as far as France is concerned, let us recall that its strategic ocean-going force, which now consists of five submarines carrying a total of 80 missiles, is numerically the third strongest in the world after those of the United States and the Soviet Union and that its aircraft carriers will carry aircraft capable of launching tactical nuclear missiles.

France's plans provide, starting with a sixth submarine carrying multiple warhead missiles which will be launched in Cherbourg and is to become operational in 1985, for the installation--at the rate of one submarine every 18 months until 1990--of a similar arms system on all its submarines operational at present which are to be modernized at the same time.

However, it would be unwise to solely rely on a fleet of submarines to provide a nuclear deterrent and no country has taken such a risk. For several reasons: first, such an arms system is costly considering that the cost of the building of the sixth submarine--"L'Inflexible"--is estimated at FR2.4 billion exclusive of the cost of nuclear arms; second, the accuracy of a missile launched from a submarine is lesser than that of a missile launched from a land base or from a bomber; third, damage incurred out at sea can immobilize a submarine and force it to interrupt its mission; fourth, a submarine can be neutralized or even destroyed by a submarine hunter, the attacker remaining unidentified; fifth, not all the targets of a potential adversary are geographically within the reach of a submarine and to insure that they are the range of its missiles would have to be increased. This, however, would require devising vehicles in every respect--especially with respect to range--comparable with intercontinental surface-to-surface missiles; and, sixth, the number of submarine crews cannot be increased indefinitely--there already are five crews for every two submarines on average--unless it were decided to assign all navy personnel to the specialized branches necessary to the submarine section.

At present France devotes 19.1 percent (in the form of payment credits) of its defense budget to all operational and equipment expenditure incurred

by its forces whereas estimates adopted in 1976, at the time of the preparation of the military programming bill, earmarked 15.8 percent of the 1980 budget for the nuclear deterrent. Therefore, the sum allocated to the nuclear force in the defense budget exceeds the estimates voted by parliament in 1977 and it should be remembered that the share of the nuclear deterrent relates to a defense budget whose amount--some FR88.6 billion--has doubled in 5 years whereas the main industrial and nuclear infrastructure investments belong to the past.

CSO: 3100

BOURGES AFFIRMS 'NO LETUP IN DEFENSE EFFORTS'

Paris LE MONDE in French 6 Feb 80 p 10 LD

[Unattributed report: "Mr Bourges Affirms That France Will Not Let Up in Its Defense Efforts"]

[Text] Making indirect but quite strong criticism of his predecessors at the Ministry of Defense, Mr Yvon Bourges stated on 7 February at Compiegne (Oise department) that France "will not let up in its defense efforts." The minister was presiding over the opening of the first training course of the army general staff school, recently transferred to Compiegne, which admitted by competitive examination 118 commanders and captains whose average age is 36.

Mr Bourges, who is entering his sixth year at the Ministry of Defense, insisted on drafting by himself the part of his speech summarizing "the last 5 years' work on defense under the authority of the president of the republic."

A member of the Rally for the Republic (RPR) and former Gaullist like all defense ministers since the Gaullist era, Mr Bourges explained in particular: "This work was needed because the amount of credit advanced in preceding years did not meet the needs of our personnel and involved sacrificing certain resources which left gaps in defense organization.

"There is no doubt that 5 years ago the French army did not have the structures to meet these requirements, nor especially did it have all the necessary weapons. The necessary outlay for conventional arms could not be withheld. There were great delays in army antiaircraft cover and artillery. Armored reconnaissance equipment was outmoded and our soldiers were among those rare ones without modern assault rifles. Our navy's obsolescence was well-known. Our pilots did not have all the electronic resources indispensable to the accomplishment of their missions."

After this indictment of his predecessors' actions, which the minister termed "objective" in order better "to evaluate how much was accomplished," Mr Bourges reviewed the present disposition of the French army.

"The worth and credibility of the French deterrent," the minister said he believed, "would not be underestimated by any aggressor. Compared with 1977, our nuclear capability has doubled in strength and is 1.5 times as destructive. The strength and capacities of our nuclear forces will grow even more significantly during the [current] decade. Every 18 months from 1985 through 1990 a new-type missile-launching nuclear submarine will go into service, armed with 16 M.4 missiles. The Inflexible will be the first of this new range."

On traditional weapons Mr Bourges explained: "At the present time, our three armed forces have a capability and resources superior to those of 5 years ago, and they have perfectly adequate modern weapons. Clearly, we must not relax our efforts, and we shall not do so.

"In an uncertain world divided by clashes of interests and ideologies, it is not the least merit of the Fifth Republic to have given the country a national defense policy and the [necessary] armed forces to carry it out."

"In the present circumstances, can you imagine France's position without that effort or that asset"? the minister for defense asked for the benefit of his military audience before he concluded: "Our country thus has the capacity to assert itself according to its own judgment, to act by itself in accordance with its own interests, to be able to keep its commitments toward its allies, to act in concert with those sharing its views and sustaining friendship with it."

CSO: 3100

SWEDEN, DENMARK SIGN NATURAL GAS PACT

Stockholm DAGENS NYHETER in Swedish 12 Feb 80 p 28

[Text] Starting in 1985 parts of western Skane can be heated with natural gas from Denmark and West Germany. Talks on this concluded Monday. To begin with Skane will get surplus gas from Denmark. This will be supplemented with gas from West Germany. Starting in 1990 the Danes will guarantee 200 million cubic meters of gas a year. This could be increased to 440 million cubic meters.

The agreement also gives Sweden the right to buy more natural gas later on if the Danish market permits this.

Energy Minister Carl Axel Petri and his Danish colleague Poul Nielsen seemed satisfied with Monday's agreement. It must now be approved by the respective governments and parliaments. The project will be implemented by Swedegas, Sydgas and Danish Oil and Natural Gas (DONG). The initial plans include Malmo, Trelleborg, Lund, Landskrona and Helsingborg but they may be expanded later.

Swedegas is now negotiating with West Germany's Ruhrgas on supplementing deliveries of natural gas for the period 1985-89. Negotiations are expected to lead to an agreement within a few months.

Sweden will pay about 200 million kronor of the 6 billion it will cost the Danes to run pipelines from the gas finds in the North Sea. According to the agreement DONG guarantees Swedegas conveyance of up to 2 billion cubic meters of natural gas a year over the planned Danish pipeline network.

In addition DONG will deliver surplus gas to Sydgas in 1985-87. The amount will depend on Danish capacity. There will be no Danish gas at all in 1988-89. In that period the West German Ruhrgas will be the sole supplier via the Danish network.

But from 1990 to 2003 Denmark will export at least 200 million cubic meters a year to Sweden. That is the equivalent of 180,000 m³ of oil.

The Swedish investment will be 800 million kronor. Of this 200 million will be paid in advance for construction of the Danish network. The rest will go toward the network in Sweden and the pipeline between Dragor south of Copenhagen and Klagshamn south of Malmo.

It will take 7 years to build the Swedish network. At most 600 people will work on construction. Around 90 people will be needed to operate the system. Operating costs are estimated at 18 million kronor a year.

About 10,000 small homes, 4500 rental units, 200 central furnaces, 100 industries, 80 nurseries and 130 other units will eventually be connected to the natural gas network. Connections will be strictly voluntary. Regular oil furnaces can be used but the burners must be changed. Fuel costs for customers are expected to be about the same as the cost of oil.

The agreement between Sweden and Denmark also provides a basis for co-operation with Norway. But Norwegian natural gas would not come into the picture before the 1990's. Swedegas and DONG will help Norway's Statoil to investigate where to bring the natural gas from Norwegian finds in the North Sea ashore.

Sweden hopes that Norwegian natural gas can also be used to heat Swedish homes and industries. If this works out it would mainly affect the Goteborg area. But the Norwegians have not yet decided who will be allowed to buy the gas. The English are also interested in it.



Key: 1. Denmark

2. Sweden

6578

CSO: 3109

PROGRAMS TO ALLEVIATE REFUGEE PROBLEM

Nicosia CYPRUS BULLETIN in English 1 Mar 80 pp 4, 5

[Text]

In the wake of the Turkish invasion of July—August 1974, 200,000 people, making up one third of the population, became refugees.

To make matters worse, 86,000 people or 39% of the economically active population were suddenly unemployed. Considering that the area under occupation (40% of the island's territory) accounted for 70% of the gross output this was not surprising.

In order to get to grips with the massive social and economic problems that had been created the Government initiated an Emergency Action Plan which chiefly aimed at meeting the immediate needs of displaced persons, reducing unemployment by launching labour-intensive projects and providing incentives to stimulate economic activity. It is estimated that in 1979 the average number of registered unemployed was reduced to 3,700 or 1.8% of the economically active population, which is very close to the pre-invasion level of 1.2%.

Housing

The eviction of nearly half the population from their homes created a serious housing problem. About 50,000 families were forced to live in 23 tented camps requisitioned homes, public buildings, incomplete buildings, shacks, shared accommodation and overcrowded rented accommodation.

In the meantime, the Government drew up a programme for the provision of adequate housing in order to alleviate the hardship caused by appalling living conditions. By the end of 1979 a total of about 23,000 houses were provided for displaced persons under the various Government housing schemes

Specifically, 6550 low-cost housing units on Government estates were completed by the end of 1979 out of the 12,097 units which have been planned.

The housing estates also include shopping centres, day care centres, community centres, open spaces, primary schools and playgrounds. In addition a new scheme for the construction of 300 bedsitters for elderly refugees, has recently been announced by the Government.

Under the self-help housing scheme on Government land by which the Government provides grants and land and the refugees provide the necessary labour, a total of 4,667 units were completed by the end of 1979. At present a total of 9,880 building plots will also be made available.

In addition, 6,318 applications for Government grants and loans under the self-help housing scheme on private land have been approved so far and approximately 3,000 housing units have been completed under this scheme.

Moreover, about 9,000 refugee families are living in an equal number of abandoned Turkish Cypriot houses. These houses are under the control of specially established District Committees for the protection of Turkish Cypriot property which also hold in trust the rental value of these properties on behalf of the Turkish Cypriot owners.

Despite the considerable progress, less than half of the 50,000 displaced families were provided with accommodation by the end of 1979.

Meanwhile 8,500 still live in wooden shacks in 11 official camps and a significant number live in huts, garages or other unsuitable dwellings.

The estimated cost to the Government of the completion of the programme announced to date is over £130 million* of which about £67.5 million has so far been spent. Foreign aid with respect to housing has reached £15 million and the remainder has been covered by the Government.

Education

The effects of the invasion on the educational sector were equally devastating. A total of 202 (about 32%) schools and learning centres were lost to the Turks and a further 26 (4%) educational facilities situated along the confrontation line ceased to function.

More than half of special schools for the handicapped were in the region under occupation and consequently became inaccessible. As a result the Government had to construct new schools to ease the problem.

To date 17 elementary schools and 7 secondary and technical schools have been completed. The extension of existing school buildings and the repair of 36 abandoned Turkish Cypriot schools also helped to overcome in some measure the problem caused by the shortage of school accommodation. Also, a new school for the deaf has been constructed in Nicosia as well as the new Lambousa Reform School. In addition, two of the displaced special schools are operating in rented premises.

There are now 9 special schools operating and they cover about the same number of children as the 12 schools which operated before the Turkish invasion. Two schools for trainable children are currently under construction.

The current education programme envisages the construction of more schools in congested areas in or near refugee settlements.

It is estimated that more than 40% of the total state educational budget is allocated for the needs of refugee pupils.

Total Government expenditure on education in 1978/79 is estimated at Cf18.9 million of which Cf7.7 million was the expenditure on the educational needs of the displaced students. Foreign aid in the educational field amounted to about 3% of the total state budget for education.

The annual construction programme for the provision of the required pre-primary, primary, secondary and technical vocational schools for the displaced population costs more than Cf1.5 million.

Health

Another acute problem is the provision of adequate medical care for displaced persons. Two of the six hospitals, six rural health centres and twenty private clinics with a total capacity of 630 beds are in the occupied area. This figure is equivalent to almost one fifth of the total island-wide capacity. About 8% of the capacity of specialized hospitals was also lost or destroyed by air raids.

The Government embarked on a hospital construction programme to alleviate the pressure on overcrowded hospitals. So far a rural hospital has been built in Paralimni with a capacity of 20-24 beds. Nicosia General Hospital and the hospitals of Limassol and Paphos will be redeveloped. Construction work on two new hospitals in Larnaca (230 beds) and Nicosia (250 beds) will begin next year. These projects will cost more than Cf8 million.

Annual Government health expenditure rose from Cf4.2 million in 1973 to an estimated Cf9 million in 1979. In the latter year health expenditure on the needs of the displaced is estimated at Cf3.4 million. It is estimated that foreign aid in this field does not exceed 4% of total Government health expenditure. More substantial aid has been secured through the UNHCR for the construction of the new Larnaca Hospital.

Infrastructure

The infrastructure wrecked by the invasion was partly replaced. A new airport was constructed in Larnaca and the ports of Limassol and Larnaca are being expanded to handle heavy cargo. Telecommunications and important road arteries were also restored or replaced.

The cost to the Government of infrastructural works amounted to Cf12.9 million during 1975-78. The cost of infrastructural work for 1979-81 is expected to be in the region of Cf20 million.

Expenditure

To meet the needs of the refugees and to continue providing the expanded social services, the annual budget of the Government had to be increased substantially. Total annual expenditure on the needs of the refugees (i.e. relief assistance, housing, education, health, training, reactivation etc.) grew from about Cf14.3 million in 1974 to Cf42.1 million in 1978 and it is estimated that it reached Cf46.3 million in 1979. Also, taking mounting costs into account, the annual level of expenditure on refugee programmes is expected to rise.

Generous humanitarian aid from abroad to the tune of Cf12 million a year for the years 1974-78 has contributed to the Government's effort to provide the refugees with a minimum acceptable standard of living.

Enclaved

In the meantime, the systematic expulsion of Greek Cypriots and Maronites living in the occupied areas has created approximately 18,000 additional refugees. The forced exodus of the enclaved has piled more problems on the Government and put a great strain on its relief and welfare services.

Although the Government has done a great deal to alleviate the plight of the refugees, their problems are of such a nature that the only possible way of solving them is to allow all displaced persons to return to their homes and properties.

* The current rate of exchange is Cf1:US\$2.90

CSO: 4920

LANITIS, JOURNALIST, ASSIGNED TO COMMONWEALTH POST

Nicosia THE CYPRUS WEEKLY in English 15-21 Feb 80 p 3

[Text] Mr George Lanitis, prize-winning cameraman and journalist, has just become Secretary-General of the newly-formed Commonwealth Arts Organisation--perhaps the highest international position ever held by a Cypriot.

The organisation may come to be known as the Commonwealth UNESCO.

Mr Lanitis has been Press Counsellor at the Cyprus High Commission in London for more than five years, and during this time he has been actively involved in promoting cultural and artistic exchanges within the Commonwealth.

He is to take up his new duties on March 3. By that date, Mr Lanitis will have celebrated his 44th birthday and will also be preparing to get married--to Miss Androulla Georghiadou, of the Public Information Office in Nicosia.

Mr Lanitis told the CYPRUS WEEKLY: "The Secretariat of the Organisation will be in London, and we will be operating initially from the Commonwealth Institute. My first task is to start a Commonwealth Arts magazine to communicate with all the countries of the Commonwealth. I will be its Editor."

Exchanges

Cigar-smoking George, who studied in London and Berlin said: "I have established contact with each Commonwealth country in Africa so far. In the next nine months, I hope to travel extensively to develop more contacts.

"We will start modestly, encouraging countries or national organisations to stage Festivals. Most important for us is Commonwealth artists, performing for each other. Exchanges will be on a regional basis at first--mini-festivals with small representations from other regions. Then we have to plan for the second big festival, to take place in Australia in 1982."

Mr Lanitis says developing countries within the Commonwealth have more to offer in the field of performing arts than the developed nations, and there has been no other organisation in the past to help them promote their culture.

He says Cyprus could benefit because it lies at the crossroads between Africa, Asia and Europe, and could arrange for travelling groups to perform here with the participation of local groups.

Praise

"We don't want to be political, but sometimes you cannot divorce artistic expression from political happenings," he said.

He recalls that at the Commonwealth Festival in Edmonton, Canada, the Cyprus group performed a song written by a Turk, composed by a Greek Cypriot and "dedicated to our black brothers" in Zimbabwe who were not yet free to attend the Festival, "and for whom Secretary-General Ramphal was full of praise."

Mr Lanitis explains how he first became involved in the affairs of the Commonwealth. "It started because of my strong anti-apartheid convictions. This led me to get to know people from black Commonwealth countries, and I am proud to be accepted as a brother especially by Africans. I was chairman of the Pan-African Conference on the Arts held in Nairobi last year."

Potential

Mr Lanitis was a member of the Commonwealth Arts Committee set up after Festival 1978, the highly successful arts and culture programme of the Commonwealth Games in Edmonton, which inspired the idea of forming an Arts Organisation.

Festival 78-- which brought together some 400 performers from all the far-flung reaches of the Commonwealth--only began to explore the immense potential for the development of the arts within the Commonwealth. It caught the imagination of the people of the Commonwealth--especially artists--and the desire of the member nations to share their cultures was very strong.

The Committee has had meetings and consultations with governments, agencies and artists in many areas of the Commonwealth, and response to the proposal to establish a formal organisation to develop and promote the arts has been "overwhelming."

As Mr James F. Porter, President of the Committee, remarked: "We are now at the threshold of a new relationship within the Commonwealth--one that

is intended to widen the opportunities for artists in the Commonwealth and, at the same time, enhance knowledge and understanding among all member countries."

After much effort and quite a number of difficulties, representatives of 35 Commonwealth countries and Commonwealth institutions met in London in January to consider the proposal for setting up a formal organisation to develop the arts.

Mr Lanitis said: "After long deliberations, the delegates unanimously decided to go ahead with the establishment of the Commonwealth Arts Organisation, which may come to be known as the Commonwealth Unesco. In fact Unesco was also represented at the London meeting."

Understanding

The objects of the CAO are to preserve, promote, encourage and develop the arts and foster cultural understanding throughout the Commonwealth.

Professor Rex Nettleford of Jamaica is Chairman of the Organisation. The two vice-chairmen elected were Mr Charles Phillips, Director of the Arts Council of Ghana, and Sir David Hunt, chairman of the Commonwealth Institute and the Commonwealth Film and Television Institute. Sir David is a former British High Commissioner in Cyprus.

An Executive Committee, representing all regions of the Commonwealth and a number of Commonwealth Organisations, was also established. The Committee unanimously appointed Mr Lanitis Secretary-General, and the Cyprus Government agreed to second Mr Lanitis to the post for a period of one year.

Mr Lanitis was head of the Film Department of CBC Television until 1974. He is a fellow of the Royal Photographic Society of Great Britain and a Fellow of the Royal Society of Arts. He has made a number of films, including "Communication" which won him several prizes and awards.

He has also worked on Cyprus newspapers, published two books, and contributed articles and photographs to other publications.

Last year George Lanitis was the Coordinator of the Cyprus-EEC symposium held in Nicosia.

CSO: 4920

DEFENSE EXPERT HAAGERUP: SOCIALISTS MUST RECONSIDER SECURITY PLAN

Copenhagen BERLINGSKE TIDENDE in Danish 4 Feb 80 p 8

[Article by Niels Jorgen Haagerup, European Parliament member, Liberal]

[Text] A new security policy and defense debate has started up in this country. The debate is welcome. It has an intensified international situation as its background. It cannot and should not turn previous Danish security policy inside out but everything indicates that we are facing a lengthy period of increased international tension after the Soviet invasion of Afghanistan and the sharp western reaction, especially on the part of the Americans.

On 21 January Lasse Budtz announced that the Social Democrats are ready to participate in a security policy debate but that the party will maintain its past position that NATO must be the basis for Danish security policy. This can only make the debate more productive and Lasse Budtz's contribution to the debate is welcome at a time when talks have started concerning a new defense program to go into effect on 1 April 1981.

It is quite true that security policy is not just defense and a Danish security policy cannot be carried out without the help of the Social Democrats. That is what Lasse Budtz said and I agree with him. This makes it even more important that the Social Democrats maintain the old policy. Now the missile affair, which in my opinion the government and the Social Democrats handled poorly, is a thing of the past and there is no reason to take it up again.

Of course the policy of detente should not be abandoned. But it is unrealistic to ignore the fact that the Soviet invasion of Afghanistan and other Soviet steps at home, including the recent exiling of Sakharov, created a poor climate for detente and the preliminaries to the Madrid conference on European security and cooperation in November. But rather than breaking off all forms of contact and negotiation with the Soviet Union the West should step up its demands on the Soviet Union. At the

NATO meeting in December they worked out the most comprehensive package solution to date containing a number of concrete points and if negotiation on these points proves impossible it should be the responsibility of the Soviet Union, not of the West. An effort is being made to balance the military superiority the Soviet Union has acquired in Europe partly through military steps within the framework of the Atlantic Treaty and partly through new negotiation initiatives concerning the so-called confidence-inspiring measures, among other things. The purpose is to bring about greater "transparency" on both sides of the dividing line in Europe. The Soviet military build-up inevitably creates fear that a surprise attack might be in the works and new and more comprehensive confidence-inspiring measures are needed to guard against that risk. If the Russians won't go along greater emphasis must be placed in the West on military steps to insure western preparedness. There is no way around this.

In this respect the government's plans for a new defense system are not encouraging. We are now at the very beginning stage of the reopened defense debate so no attempt will be made to anticipate the results of the extended negotiations. The defense minister has characterized the government's opening move as a preliminary to negotiations. This must be construed as meaning that the party is not set on its own plan and that there will be room for changes and improvements.

The talks will center on the three alternatives to the 1973 system that are outlined in the material sent out by the defense command, namely a zero growth solution, a system with a 1.5 percent increase in appropriations and a system with a 3 percent increase. However the last alternative, the one preferred by the defense command, involves only around 200 million kroner per year over the government's so-called zero solution or less than 1 billion kroner for the 4-year period in which a new Defense Act would probably be in effect.

But it can't be the intention to keep the defense debate solely within the framework of these three alternatives with budget differences of only a couple of hundred million kroner a year. With all due respect to the analysis made by the defense command's experts there must be room in the debate for other proposals that might also deal with the balance among the branches of the armed forces. Personally I find it strange that the peacetime preparedness of all three alternatives is so low. Only in the third alternative with a budget increase of 3 percent a year can the number of sailing units in the navy be called fairly satisfactory--and even then I'm not sure there would be enough. This should be viewed against the background of a realization that the Danish armed forces may very well get reinforcements--provided that this is done at an early stage in an international crisis threatening Denmark--but the fleet will not have the same opportunity to get reinforcements as the air force and to some extent the army.

The debate should also include more detailed information about how the Danish authorities think that allied reinforcements could arrive in Denmark on time. Thus the defense command report says that the allied forces that would be sent to the Danish area must be regarded as a supplement to our present forces. But since these forces are now being effectively reduced even in the third alternative this means that we must rely on greater allied reinforcements to defend the Danish area. The storage depots and other facilities to guarantee our reception of allied reinforcements can be jointly financed by the so-called infrastructure program but as the defense command report also says it should be anticipated that planning and implementing the necessary preparations for receiving allied reinforcements will also call for increased national expenditures.

The defense debate should not concentrate on money alone even though the economic framework will be a central element in the deliberations and negotiations. Therefore it is to be hoped that the useful material that has been provided will be supplemented with other proposals about the best orientation for defense in the 1980's with regard to protecting purely Danish security interests as well as playing the necessary role in the mutual western defense.

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CSO: 3106

MP'S, FOREIGN MINISTRY CHIEFS URGE MORE ACTIVE SECURITY POLICY ROLE

Copenhagen INFORMATION in Danish 9-10 Feb 80 p 2

[Article by Jorgen Dragsdahl]

[Text] A more active international effort is needed to preserve Danish sovereignty--but difficult internal reforms are a prerequisite for this.

"Denmark lies on the dividing line between East and West. We cannot remain aloof from conflicts. With an active policy we can prevent them. And the higher our profile the greater our security and freedom of action during a conflict."

The statement was made by a single politician but it represents a broad and growing realization in Folketing. At the same time there has been a sharp rise in dissatisfaction with the role of politicians in the foreign policy process in recent months. The missile affair created a widespread feeling that the government is unable to live up to its responsibilities.

High officials in the Foreign Ministry and prominent politicians in five parties agree that high political developments call for a much more active Danish effort to influence international developments. But this requires reforms in the present security policy apparatus--officials must have better working conditions, Folketing should be included more and the public should be more involved in foreign policy.

In talks with INFORMATION members of the Single-tax Party, the Radical Liberals, the Social Democrats, the Socialist People's Party and the Leftist Socialists have sharply criticized the working conditions of the Security Policy Committee. And people in the Foreign Ministry say that dealing with the criticisms would require hiring more people and getting new appropriations.

But no one really believes that in the present "emotional political" climate it will be possible to implement reforms that cost money. The immediate results are not tangible enough. More security policy analyses can be attacked as "paper shuffling" and new employees in the Foreign Ministry would run into resentment of the "unproductive" work of the official staff.

But many people have pointed out that the alternative to reform is the undermining of Danish sovereignty--simply because we can't keep up with what is happening around us, let alone try to actively influence developments.

Parody

Much criticism has been directed against the Foreign Policy Board which is supposed to provide politicians with insight into and influence over a field in which the government otherwise has almost unrestricted power.

Several people have charged that a noticeable deterioration occurred throughout the 1970's. "It's almost a parody," one member said. "It lacks importance and influence," said another. "We don't discuss anything of substance," said a third.

The need for better information has been mentioned in particular. Members say that the "confidential" stamp is used frequently and the material is sent special delivery--for no discernible reason. "It has a very undermining effect if they expect us to take the material and our obligation to remain silent seriously," was one comment.

Today members receive selected embassy reports and some orientation analyses. They never see instructions sent to representatives serving on international bodies. Nuances are lacking in the analyses and it is hard to find the basic assumptions underlying the conclusions. Reports from ambassadors are often so colored by personal prejudices that they are of chiefly psychoanalytical interest. The orientation prior to the NATO missile decision was poor. They didn't even send out Brezhnev's speech in East Berlin.

Some politicians say that the members of the board are too passive. When precise demands are made they are often accommodated. Another problem is the presence of parties whose loyalty is questioned by the political majority.

In the Foreign Ministry they recognize the problem but point to the big manpower problems. The political section has 30 employees--no expansion has occurred for more than 10 years. To prepare high-quality material they need specialists who have acquired familiarity with the problems over a period of time. The turnover is too great and each person has too many operative duties to be able to make a satisfactory contribution.

Expanded Contact

Similar complaints are heard from the committees dealing with foreign markets and defense issues although their work is more concrete since it involves legislative bills. There is a shortage in particular of independent expert evaluations. Several members of the Defense Committee feel the ministry is the "hostage" of the military. Politicians don't have much opportunity for insight. Perspective is lacking.

All want closer contacts with officials. They often mention the good experiences from the United Nations General Assemblies where for a while a delegation is in almost daily contact with people from the Foreign Ministry. Praise is heard from many quarters: "high standards," "very accommodating."

But at home in Copenhagen it is very rare that a politician contacts an official. When this happens the results are good but both sides feel that the contact is in conflict with unwritten traditions. This has to do with deferring to the intermediate link in the system, the minister.

"We are uncertain about being tactful. Greater clarity would be a help," said one politician who also says he is "afraid" to answer the phone--"the minister would get mad at me."

In the opinion of many greater precision in the work of both sides would be advanced by quicker and more direct contacts than are now the rule. At present when a politician wants clarification he turns to the library service or asks a question in committee. Officials would probably also profit from greater political contact--for example a delegation of parliamentary members discovered recently that the Danish officials in NATO headquarters had not yet grasped the government's position on the new missiles.

The American system of hearings is often mentioned when a solution is being discussed. Officials are not enthusiastic about this solution, pointing out that the cross-examinations in the American Congress create uncertainty about administration policy.

To this a politician said: "It is a question of what democracy is worth. The United States lives with that lack of clarity. Denmark is closer to the Russian secretiveness."

Some people suspect that business people through social and business contacts can exert an influence that further highlights the isolation of the politicians.

It is recommended that more conferences be held so that regular contacts can be established.

Research

The tradition that ministers present the responsible external profile of the bureaucracy is such a formidable obstacle to reforms that many see a more realistic solution in activities that occur outside the government and Folketing.

The Foreign Ministry is well-disposed to the idea of substantially expanding the research activity in the area of security policy. This would provide fresh inspiration daily and form a basis for recruiting better-qualified people. This kind of climate exists in both Norway and Sweden. For example the Norwegian Disarmament Committee has 650,000 Norwegian kroner for research and information tasks in 1980. The Danish counterpart has no money. It is estimated that security policy research in Norway has around 50 million kroner available--the closest we come in Denmark is a half million for the Foreign Policy Institute.

Efforts are being made to breathe new life into the Disarmament Committee which could be the starting point for a new climate. Others besides politicians are concerned here. But today the committee has no money for seminars and the like. It is doubtful whether Denmark will live up to its promises in the United Nations about an information campaign against the arms race. In the fall a request from the United Nations Society for money for a meeting during the UN's disarmament week was turned down and the week came and went in silence.

There is much sympathy in positive circles for a really independent peace research institute but since that is a long-term solution interest is now centered on appropriations for research projects under the existing institutions. The ministry could order analyses from independent "consultants"--a system used in other countries, among them the United States.

Some research workers point out that the ministry could be more accommodating to research now: it is very hard to get information out of public officials. And there is fear that criticism will be regarded as lacking in objectivity and lead to reprisals. This can take many forms. Access to information can be made difficult. One can be frozen out of the exclusive circles in which research workers and officials already move. And finally funds can be removed--fees for pamphlets, grants, etc.

More Trips

The level of parliamentary debate could also be raised by giving parliamentary committees more direct contacts with other lands. It is a long time since a trip has been arranged for security policy purposes. Activities today are limited to invitational visits to NATO. But politicians point out that trips to East Europe, for example, might help to

break down misunderstandings on both sides. Talks with foreign research people and parliamentarians in neutral and allied lands would also be of great value.

Finally, the role of the voter is important. One may ask, "Why should I waste my time on security policy issues if I am never confronted with them?" Even though there is a clear need for a disarmament debate, for example, there is also great interest in reelection. If one goes into foreign policy problems it takes time away from questions in which voters may be more interested. In addition there is still so little interest in security policy on the left wing that a progressive politician easily ends up on the defensive. Only the "new cold war" people have any feeling of urgency about this issue.

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CSO: 3106

F-16 MANUFACTURE GIVES GREATER SECURITY POLICY STAKE TO UNIONS, FIRMS

Copenhagen INFORMATION in Danish 9-10 Feb 80 pp 14-15

[Article by Alex Frank Larsen]

[Text] The Danish defense system has obtained a strong new ally.

In the future the generals can count on support from influential segments of Danish industry and the union movement when the size of Danish military appropriations is under discussion.

That was one of the prospects offered by the first Danish F-16 plane when it crawled along the landing strip in Skrydstrup at the feet of an illustrious welcoming committee.

The participation of Danish industry in the production of the fighter bomber has aroused great hopes among business leaders and union officials concerning new sources of revenue and employment in connection with other military industrial orders. These hopes have already been expressed in political offices and strategic back rooms.

At the North Sjaelland headquarters of the armed forces command they feel this pressure is the most important military political effect of the 865 million kroner order to Danish industry as a result of the joint production of 1000 F-16 planes for the United States, Norway, Belgium, Holland and Denmark. On the political front military leaders have gained a number of new advocates who will oppose cuts in the defense budget if they mean loss of industrial orders or jobs.

During the period of economic difficulty directors and union leaders have moved in on the military sector. They are counting on the development of our own Danish weapons industry and in this they have the support of a number of politicians and defense personnel organizations such as the Central Organization of Regular Personnel.

But with few exceptions the faith of defense leaders in Danish arms production is strictly limited.

Compensation Rate 36 Percent

Today 10 Danish firms are working on orders they obtained through Denmark's participation in the "arms deal of the century" in which four small NATO countries joined forces in 1976 to purchase 350 fighter bombers.

Most of these firms are small electronics industries. The biggest orders went to the A.P. Moller firm, DISA [expansion unknown], for gear boxes, radar camouflage, motor controls, etc. and to Per Udsen Aircraft Industry in Grenaa for tail fins and fuel tank brackets.

To date Danish orders have totaled 865 million kroner in 1975 prices. This corresponds to 36 percent of the 2.4 billion kroner the 58 Danish F-16 planes cost--or should have cost since the price has now risen to 2.8 billion kroner in 1975 prices (around 4 billion today). In other words we still have a long way to go before we get the 58 percent compensation for the purchase price which was the condition set by the four NATO countries.

In addition some of the Danish orders were subcontracted to foreign firms because the Danish companies simply couldn't handle the production on their own.

Through the Industrial Ministry's compensation committee industry is seeking to increase its share in F-16 production, encouraged by union representative Charles Hansen, chairman of the Central Organization of Danish Metalworkers, among others. The committee's first chairman, former Commerce Minister Knud Thomsen, recently resigned and his place was taken by Industrial Ministry section chief H.O. Christiansen. The Industrial Council is represented by office manager Erling Petersen who is also secretary of the newly-founded branch association, the Association of Manufacturers of Airplane Materiel, another child of the F-16 cooperation. Assistant director Peter Knop of DISA is the chairman of this group which was founded to insure Danish participation in future aircraft production projects.

Expectations

Even though the state has given the firms involved sizable funds for the purchase of special tools for the F-16 production both jobs and revenues have so far been limited for most of them. The firms themselves see the acquisition of technological knowledge and the development of their supervisory and quality control systems as the real benefit of the military production. But in these areas the results have far exceeded expectations and this is where the smaller companies see a chance to hitch a ride with the front runners in the electronics race touched off by the arms build-up.

The firms expect that in the wake of the F-16 a stream of military or partly military orders will flow in to Danish industries. This happened in 1968 when the Danish armed forces bought the Swedish F-35 Draken planes. The agreement then was that there would be 100 percent compensation for the exchange risk in the Danish plane purchase. Sweden was supposed to buy products for the same amount of money in Denmark but the end result was that Denmark exported products to our Scandinavian neighbor amounting to 150 percent of the purchase price.

Old Junk

In a similar way business leaders anticipate that adapting the Danish electronics industry to military requirements and integrating it with the American weapons industry will result in an increase in the number of military orders along the lines of the Christian Rovsing Company's recent agreement to deliver telecommunications equipment costing 150 million kroner to NATO. DISA has done something similar with the sale of gas turbines for military use. Such opportunities will increase in step with NATO's use of joint projects and more detailed planning.

At the moment larger Danish firms with their own development divisions see no advantage in becoming subcontractors for American military hardware which when you come right down to it was developed from 5 to 10 years ago. "People in the development divisions often feel the production division is working on old junk," as one Danish business leader put it. In addition the competition in arms production places enormous capital burdens on firms. In military production the costs of research and development make up between a fourth and a half of the total investment.

Union Opportunities

The union movement's interest in Danish military production is handled by Charles Hansen who in addition to the compensation committee mentioned above also belongs to the Defense Ministry's Materiel Board. Verner Christiansen is chairman of this board which includes representatives of the Metalworkers Union and the Industrial Council. A plan is presented each spring of the military materiel purchases and industries and unions use this opportunity to guarantee the greatest possible Danish participation in production of these items when the contracts are being signed.

Charles Hansen estimated that if things are managed properly there is a possibility for a total of 5000 Danish jobs if the F-16 joint production is included.

"In the union movement we favor international disarmament to guarantee peace," Charles Hansen said. "But when Her Majesty's little kingdom chose rather than being friendless on the world scene to join NATO one

might just as well realistically utilize the opportunities for creating Danish jobs that membership offers, quite aside from any personal aversion one might feel. I feel that in this way we can give Danish industry a technical injection that can also be used on the commercial market. There are almost no limits to what they will do to develop new diabolical items for military and defense purposes but when by coordinating our efforts with others we can come up with respectable cooperation in the electronics sector, which is expected to become the third largest industry, I believe we ought to respond to the challenge. I also think it was good for the country that the armed forces had three frigates built at Alborg Shipyard and 10 motor torpedo boats built in Frederikshavn. Currently we have an export ban on weapons but if we look at the Swedes who are so damned hypocritical in other areas they earn a billion kroner a year from the sale of exported weapons--and they call themselves neutral."

Generals Prefer Best and Cheapest

Viewed from the perspective of the defense command bastion in Vedbaek the advantages of Danish arms production are limited.

The generals prefer the best and cheapest materiel possible and as a rule this means standardized, mass-produced materiel which makes up 80 percent of what the military has on hand. A defense budget on the economy cut firing line cannot afford costly industrial considerations.

The exception is the navy's specialized building program at the naval dockyard and at Danish civilian shipyards. Naval vessels of high quality that are specially designed for Danish waters are being produced. In this area defense leaders, headed by the chief of NATO's unitary command, Lieutenant General A.C.B. Vegger, believe that Danish arms production could hold its own. Vegger believes that missile and torpedo boats of the Willemoes class could be exported if Folketing granted permission.

The reason why defense leaders otherwise view increased Danish arms production coldly has to do with our relations with NATO.

According to an internal NATO agreement the national defense organizations must vouch for the quality of the materiel which industries in their homelands sell to other member nations.

This means for example that the Danish armed forces must send a number of highly-trained technicians to the United States to perform quality control tests on Per Udsen's tail fins, Nea-Lindberg's radar screens or Rovsing/Neselco's rangefinding computer for the F-16. . . . control is carried out by the Air Force Materiel Command.

"With chronic understaffing and a tight budget our military machine is stretched thin in preparation for D-Day. That is why the military has little interest in assisting industry," a military technical leader said.

Defense leaders estimate that at best Danish industry can expect to get military orders for half a billion kroner a year, involving no more than 2000 jobs. It is doubtful how much foreign revenue would result from the export of weapons, the leaders say. "We're not allowed to export more than we purchase from other countries. The other nations want the same compensation as we require in connection with materiel contracts," the argument runs.

NATO Purchase

The joint NATO planning and standardization plays a decisive role in practical decisions on purchasing military materiel for Danish defense. Most Danish arms purchases are coordinated by the Eurogroup, consisting of 10 NATO lands, and the Independent Planning Group (the same nations plus France). It was also in the Eurogroup and in a specially appointed steering committee that the actual decision was made to chose the F-16 rather than the French and Swedish Viggen.

The military price for this choice was a political order that has given Danish industry for the time being a foothold in the western military industrial complex--and Danish defense a strong new ally.

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CSO: 3106

STRAUSS PRESENTS OUTLOOK ON COUNTRY'S SECURITY, ECONOMY

DW141410 Duesseldorf HANDELSBLATT in German 14-15 Mar 80 p 5 DW

[Article by Franz Josef Strauss, Bavarian minister president, CSU chairman and chancellor candidate of the CDU/CSU: "Economic and Foreign Policy Security Are Indivisible"]

[Text] Handelsblatt, Thursday, 13 March 1980--Just as detente is indivisible geographically, economic and foreign policy security cannot be separated. The scientific-technical developments have made the world one entity. There are no limits for communications technology, transport technology, but also, and unfortunately so, for destruction technology.

Even what is remote is near to us today. What happens in the Middle East, be it in Pakistan, in Iran or on the Arabian Peninsula, what happens on the continent of raw materials, meaning Africa, and what is generally referred to as the East-West and North-South conflicts, are a highly explosive and dangerous mixture right on our doorstep.

By all indications the eighties will become the most critical decade after the fateful second and fifth decades of this century. We must assess the facts of the past several months not on the basis of gloomy premonitions and treacherous feelings, but in the knowledge of the course of history and aloof from any euphoria in forming a judgment. Let me recall the developments of the Iranian revolution, the questions in the Arab-Israeli relationship still unanswered, the exploitation of the oil monopoly by the OPEC states and the use of oil as a weapon, the Soviet occupation of Afghanistan and the geostrategically reach beyond the Middle East to the south of Africa with three discernible objectives:

insuring their own supply of oil and raw materials for the eighties;

to put the dependent European states which are also prone to blackmail under even greater pressure through the reach for the oil sources in the Middle East and for the raw material deposits in southern Africa;

to subject this part of the world to Russian big-power policy and at the same time to revolutionize it.

What must still be added is this:

1. The hotbed of crisis in the Far East with the wars by proxy on the part of Vietnam;
2. The revolutionary developments in Latin America;
3. The Soviet military potential with its unequivocal superiority which threatens the Atlantic Alliance since the offensive components have been immensely increased in the past 10 years;
4. The setup of the gigantic medium-range missile system in the East Bloc with an offensive character, consisting of long-range SS-20, and complementary thereto, of SS-22 missiles now;
5. The establishment of a submarine and surface fleet capable of operating worldwide;
6. The establishment of a worldwide system of bases;
7. The continuous enhancement of a long-distance air transport capacity for the swift relocation of troops or for the supply of war materiel over long distances.

Europe's security, Europe's prosperity, Europe's chance, Europe's military defense potential and Europe's socioeconomic system are directly threatened because we are dependent with regard to energy and raw materials, because militarily we are vulnerable, and because with respect to the world economy we have become prone to blackmail. Our entire political, economic, social system is highly sensitive, profoundly vulnerable and easily susceptible to blackmail because we have opened ourselves to world trade without reserve, sought world economic division of labor, endeavored for international capital commitment and promoted international cooperation. Our highly developed social system and the living conditions based on it as well as the requirements of all our people therefrom resultant are closely and directly dependent on the world economic data situation, the world political state of affairs, but above all on a supply of energy and raw materials in adequate quantities and at payable prices. I may point out that the member countries of the International Energy Agency today import about 37 percent of their energy requirements from third countries, the Federal Republic of Germany even 57.2 percent, France 76.7 percent, Japan 89.5 percent, whereas the U.S. percentage is only 22.7.

After the invasion of Afghanistan the Soviet Union has come a good bit closer to achieving its objective of hitting the vital nerve of Europe and of severing the lifelines and communication routes of Europe. The geostrategic expansion of the Soviet Union over Afghanistan, the Arabian Peninsula, via the Horn of Africa into southern Africa to Mozambique and Angola, with a spearheading direction toward Rhodesia and Southwest Africa has the following economic and trade policy objective:

The annexation of the oil wells and raw material deposits of Africa and the control of the West's most important sea trade route around the Cape of Good Hope. Nearly 70 percent of Western Europe's crude oil imports, 30 percent of the crude oil imports of the United States, 70 percent of the West European imports of strategic raw materials and 25 percent of the food imports of Western Europe are transported over this sea route.

[DW141425] Next to energy supply the supply of raw materials will become an increasingly greater problem. The German economy fully depends on imports of almost all economically significant raw materials, particularly such minerals as copper, tin, bauxite or nickel. Only in the field of some primary energies (soft coal, hard coal and natural gas) and some metals (lead, zinc), is the need covered in part by our own production. Almost 30 percent of our total imports are imports of raw material. In [years indistinct] the average annual growth rate of raw material imports was 14 percent, which was a faster growth than of overall imports (12.8 percent).

"A longer breakdown in chromium imports from that region by only 30 percent would endanger several million jobs in our country, even more jobs would be endangered if such a supply gap occurred with regard to manganese or asbestos." This can be gathered from an analysis made for the Federal Government.

The USSR managed to setup and extend many bridgehead in Africa. The USSR will try to make Mugabe's election victory in Zimbabwe another chance for itself. Everywhere in the world where the West shows political weakness and a lack of economic support, the East makes a thrust into the vacuum that has thus been created in order to set up its strategic positions. So the East-West dispute is fatally linked to the North-South conflict.

It is, therefore, high time to see to it that between the countries of the Third World and the Fourth World, on the one hand, and the industrial states of Europe, America and Japan, on the other, a climate of confidence will be created as a prerequisite for close cooperation. Not through hatred and envy, not through conflict and war, but through cooperation according to the standards of common sense and of what is possible will the problems that must be solved be solved. Wealth will not come from redistribution or revolution, wealth comes from efficiency.

One must cooperate in this sense. The main goal of Western policy must be help in order to help oneself. In other words: help for the creation of a peaceful and liberal society supported by a majority of a populace of blacks, colored people and whites and a common state system of the races involved on the basis of a realistically practiced right to self-determination of these people. This aim cannot be achieved through:

- revolution and intervention,
- export of arms and ideologies,
- military pressure and an economic boycott,
- slander of economic ties, calling them neocolonialism and imperialism, but only through gradual evolution in line with the national characteristics and the stages of development.

Most of all, however, the West must give a brave and unambiguous answer to the question I have been asked over and over again in talks with African presidents. I will pass on the question in the simple form in which it has been asked: "Must we really approach Moscow to survive?"

We must initiate concrete steps to set up a partnership. If we succeed in creating an atmosphere of confidence and friendship, a climate of frankness and openness between the north and the south, we will have made a significant contribution to the safeguarding of our energy and raw material supplies. It is erroneous to assume that we, as one of the first industrial nations of the world, can become independent at least in matters of energy policy or even reach the state of self-sufficiency. Even if we were to save--if we were to consume less in absolute terms,

--if we were to use primary energies even more economically and sensibly,
--if we were to use considerably more coal regardless of our environment,
--if we were to use alternate energy sources, if we were to stop villifying nuclear energy and intensify its development,
--if we were to develop new technologies and use them in a promising way, the free world's need for energy, which is being met 50 percent through oil today, could be decreased by 1990 by only a few percentage points, based on positive forecasts. Natural gas which today meets one-fifth of the free world's energy need, can only keep its share in case of higher consumption through much effort. Coal has been rediscovered, but a large production increase requires time and important time has been lost with regard to nuclear energy. By 1990 the energy consumption of the free world, even in case of utter economizing, would be 50 percent higher than it is today.

It means:

--also in 10 years we will depend on the OPEC monopoly with regard to price and quantity,
--also in 10 years Europe will have to obtain its oil from the present crisis area in the Middle East, despite intensified exploration in the North Sea,
--we will see in as early as 10 years whether today's European policy was able to safeguard the future of tomorrow.

CSO: 3103

COMMENTATOR VIEWS BRZEZINSKI SPEECH

DW141528 Frankfurt/Main FRANKFURTER RUNDSCHAU in German 14 Mar 80 p 3 DW

[Commentary signed HHG: "Careful Truth"]

[Text] On the occasion of his last visit to Washington, the Federal Chancellor liked to compare the Federal Republic with the U.S. state of Oregon, which is equally big, but which has less than 10 percent of the number of people which West Germany has and which is not an equal target for missiles, let alone the other special characteristics of the Federal Republic (trade, Berlin). The fact that he has found understanding for that special geographic and economic situation of the Germans has now once again been confirmed by Zbigniew Brzezinski, the White House adviser.

Unfortunately, however, Brzezinski expresses this understanding in such relative terms that nothing much is left of it. The United States cannot permit, says Brzezinski, special West German interests to "add up to a collective stance of rhetorical agreement and substantive passivity." That is outspoken.

Brzezinski certainly also expresses the opinion of the president, but only clearer than Carter would do it. The uneasiness with regard to the European ally, which candidate for chancellor Strauss has now discovered in the United States, is neither new, nor has it disappeared.

The longer it takes until the Soviet Union decides to enter serious talks on the upset balance in Asia and Europe, the more difficult it will be for the Federal Republic to continue pursuing in practice the special interests that have been recognized in theory by America. The realization of the Federal Chancellor and of other Bonn politicians that Afghanistan and its consequences will create difficulties for us for a long time is a wisdom that has many layers.

CSO: 3103

COUNTRY'S ROLE IN ECONOMIC SANCTIONS AGAINST USSR VIEWED

DW141315 Bonn DIE WELT in German 14 Mar 80 p 6 DW

[Editorial by Peter Gillies: "Debts and Gifts"]

[Text] The one who lets money speak for him has hired a demosthenes. Federal Chancellor Schmidt adhered to this rule when he picked his aides in going to Washington. Also after reading Brezhnev's gr mbling letter, the close link between politics and economics stands out.

Was German economics, for the sake of short-term turnovers, hitched to the political cart of a detente policy that has become unstable? Are business-men handling political write-offs as casually as their balances? Or did the Federal Chancellor outsmart them all? Will the billions involved in business with the East be paid for with a detachment maneuver from the Western alliance?

These formulas do not properly correspond to the sensitive relations between politics and economy. The contours between the two are blurred, some of those involved grope around because the classic rules of this business are not valid anymore. Trade does not clearly follow the flag, nor vice versa. Many things in the business of the two--businessmen as well as politicians--have become more erratic, some things have become more reliable, others again unpredictable.

Schmidt crammed the point into Carter and his team in Washington that trade with the East has a completely different value for the Federal Republic than for the United States. The Federal German trade with the USSR is eight times higher: economic battle measures would just scratch the skin of the Americans at best. In our case, however, it would hit the nerve immediately. Moreover, the Federal Republic already depends on Eastern raw material supplies--Schmidt cited the Soviet natural gas which already covers 14 percent of the German consumption.

The impression the German Chancellor made on his discussion partners was kept within limits. Quite rightly so, because two arguments must not be forgotten in connection with the issue of dependence: first, no great problems will come up in finding a substitute for gas; second this statement of dependence brings up the question of whether we ought not to decrease

it immediately. Have we been lulled by detente policy, forgetting or ignoring the long-term interests of an export nation?

The public is also confused by the quarrel between Schmidt and Strauss over the Hermes insurance guarantee issue. It would be necessary to state that this export guarantee instrument is not a state subsidy for exports (which is, by the way, customary on the part of all our competitors), but only the covering of a special risk by an insurance. The following, however, is also correct and Bonn likes to keep quiet about it: the guarantees are being given within the framework of public law, and semi-state-owned firms are often the vanguards of an Eastern project. One might recall the share held by the Federal Government in such enterprises as Salzgitter, Veba or Volkswagen.

Granted, the chancellor is right in saying that the taxpayer is not financing any transactions with the East in advance. Yet Strauss, too, properly states that it is incompatible with sanctions to set up huge installations on credit and to let them be paid for in installments for years under the protective umbrella of state benevolence. If the federal economics minister via teletype sets the chancellor candidate right about the techniques in business with the East, then this may be taken as part of the election campaign.

Unfortunately, wisecracks do not do the matter any good. German top managers, too, have violated this principle. Last but not least, some of their rash utterances have given rise to the impression in the United States that the Federal Republic is repudiating solidarity, paying with a check instead of with courage, and besides is acting in keeping with the principle of "business as usual." This is bound to irk the Americans.

"Trade is making its contribution in a different weight class than politics," said Eastern trader Otto Wolff von Amerongen yesterday. This sounds good but induces people to draw the wrong conclusions. Without a policy which will insure fair framework conditions in the ring on a long-term basis, the whole boxing match will not even take place. Boxing fans might find a featherweight interesting, but without any heavyweight everything boils down to a saltless soup.

What must be done? To begin with, there must be understanding for politicians and economists who want to get out of the haste and hysteria after the Afghanistan invasion. This being past, there is no need anymore for exaggerated reactions. What matters now is to organize behavior on a long-term--and not short-winded--basis, to cooperate, and to convince. Just as in a chess game, each move must be carefully pondered. The economy is not at all against sanctions, yet it is against an embargo with a secondary air about it, against predictably ineffective delivery bans, against uncontrolled measures with consequences not controlled beforehand.

The confusion emerged only, however, because politics did not exercise its primacy and because it let decision ride. Instead of setting clear targets, the strength of the Federal Government was wasted on mollifying both sides.

The economy cannot and will not dodge a clear and exactly calculated policy, because it is aware that "division of labor" in the alliance may be quite nice, yet without the security which this alliance guarantees to the Federal Republic there will, in the long run, be no labor left that could be divided.

The worst method would be to tolerate "division of labor" as a shirking for the sake of upping the turnover. Surely some problems must be kept open for a certain time, yet they may be well also decided for a change. The Federal Government has allowed the impression of a lack of strength and determination to emerge. On a short-term basis it may have thereby relaxed the economic flank, but on a long-term basis it has harmed security and thus also trade.

CSO: 3103

PAPER SPECULATES ON 'COSTS' OF AFGHAN CRISIS TO COUNTRY

DW141355 Frankfurt/Main FRANKFURTER ALLGEMEINE in German 14 Mar 80 p 12 DW

[Article by Thomas Meyer: "What Will the Crisis Cost?"]

[Text] Bonn, in March--Following the U.S. trip by the chancellor, which yielded few new findings to the Bonn Government with respect to the management of the East-West crisis, the coalition increasingly finds itself confronted with the domestic repercussions of the Afghanistan case. When Schmidt delivers his "State of the Union" government statement next week in the Bundestag he will try to set accents, also with the objective of preventing the opposition from winning the upper hand in the domestic field as the election campaign for the Bundestag elections opens. But since the "political-strategic overall concept" with which the West under the leadership of the United States proposes to cope with the conflict so far contains little substance, the government has difficulty in representing the domestic consequences clearly. In the government camp the concern is growing about an insecurity of the voter--especially in connection with the question: What will the crisis cost us?

What matters here is the political price as well as money. The increasing attacks from Moscow against Schmidt and Genscher can be taken by the Federal Government, last but not least, in the awareness of having made the German interest in the continued existence of the East-West dialog also in the United States, notwithstanding all priority for the restoration of the balance. Meanwhile, inter-German politics continue under the blanket of the big words, and headway is even taking shape. Bonn is taking it as a good sign that the GDR has kept the Leipzig fair free from the present frost phenomena in world politics. The cooperation of Lower Saxony's CDU finance minister in the Leipzig (trade) stew indicates consensus over and above party in this field.

The things are more difficult concerning an Olympic Boycott. In that issue the government would like to keep things down as much as it can until 25 May, the deadline for registration in Moscow. This does not relieve it of the necessity of making a decision in the end. The way things look now there is hardly any doubt as to what this decision will be. Only a few people in Bonn, also in the coalition, still believe that the Soviet Union will create in good time a "situation" which will "allow the participation of all states in the Olympic Games." It was last but not least Brezhnev's

letter to Schmidt which seems to have spoiled the last hopes in that respect. Thus Bonn will probably--hopefully in agreement with France--ultimately pronounce its cancellation, and the athletes as well as the functionaries will presumably follow this more or less reluctantly.

Why not right away? This is what the opposition will ask, relying on surveys according to which even now two-thirds [of the] people approve a boycott. To the opposition it is veritably obvious to make the chancellor appear as a man harboring Olympic illusions. The web of considerations behind the coalition line of temporizing can hardly be sold in times of election campaigning--for instance, the wish to avoid European discords to the best possible extent.

The material consequences of the Afghanistan crisis then will affect the "canned reserves." In that respect time is running away from the government in giant jumps. The closer election day comes without the costs of the crisis to the Federal Republic becoming exactly calculable, the harder it must be for Bonn to tell the voters the plain truth. This becomes most obvious in the case of the so-called tax package. Will the promised alleviations have to be curtailed--and by how many? What will the additional aid to Pakistan, the Gulf Region and other states of the Third World cost us? How much would we have to pay the Americans for the "infrastructure" of their troops if they wanted to increase their presence in the Federal Republic in a basic way. Particularly with respect to the latter topic Schmidt's talks in Washington produced little.

Thus the danger emerges that the coalition, being under the time pressure of an expiring legislative period, will adopt a tax package which after the elections may well overtask the state coffers by several billion marks. This time the opposition had a chance to let the "pension fraud" charge of 1976 be followed by the catch-word of "tax fraud." People in the Federal Government are talking over the "weak flank" in a political battle order which by and large is being considered favorable for the coalition. Granted, FDP quarters advocate the view that the citizens would approve of necessary curtailment--albeit under the proviso that they are given a convincing explanation of these necessities, if possible down to marks and pfennigs. Such clarity will be needed by April for the sake of wrapping up a "preferably small rather than insecure tax package."

In this respect, however, the Bonn travelers to the United States can raise little hope for early brainwaves. The Bonn coalition is looking toward payday with dismay. Public opinion polls indicating it is making a far better showing among the people in this prespring season than it did at the same time 4 years ago are only limited consolation.

CSO: 3103

SECURITY ORGANS WARN FIRMS ABOUT GDR ECONOMIC SPIES AT LEIPZIG FAIR

DW141208 Bonn DIE WELT in German 13 Mar 80 p 1 DW

[Article by Bonn correspondent Heinz Vielain: "Spies Meet in Special Buses at the Leipzig Fair"]

[Text] The security organs have warned all firms of the Federal Republic exhibiting at the Leipzig Fair about "GDR" economic spies. These measures were prompted by statements of East Berlin secret service officer Werner Stiller who has fled to the West. According to him, the fair area is a productive operating field every year for the "science and technology department" of the East Berlin Ministry for State Security (MFS).

First Lieutenant Stiller, who was department chief of the MFS department for economic espionage until he fled last year, told security authorities of the Federal Republic that even "mobile points for immediate evaluation" are used at the Leipzig Fair. These are special vehicles camouflaged as travel buses, equipped with X-ray equipment for testing material samples, with cameras and Xerox machines to make photostatic copies of documents that have been made available for just a short time.

According to Stiller, the mobile installations of the "GDR" secret service have all intelligence means on board such as "bugs" or miniature cameras. DIE WELT has learned that Stiller brought along some evidence showing the espionage activity of the "GDR" at the Leipzig Fair. He presented to the Federal Intelligence Service, among other things, a detailed report on confidential talks held in 1978, between Lower Saxony government representatives and economic representatives of the Federal Republic in the fair booth of the firm "Continental." The talks were monitored at that time by a "GDR" agent with the cover name "Held."

According to Stiller, the Leipzig Fair is not merely a productive operating field for direct MFS action, but also a regular meeting point for "GDR" economic spies working in the Federal Republic with their MFS handling officers. Stiller has shown several documents to the security organs of the Federal Republic that were turned over on such occasions. To this evidence belongs among other things:

A report several pages long on measures by Western firms to torpedo "GDR" foreign trade ideas in the field of compensation deals. It was handed to the MFS on the occasion of the 1978 fall fair by a still unknown agent (cover name "Galle").

Five reports on plans of German enterprises to start some business with East bloc states. They were handed over to the "GDR" secret service by a still unknown agent under the cover name "Wittge" on the occasion of the 1975 and the 1978 fairs.

An agent with the pseudonym "Kaufmann," operating in the Federal Republic, turned over detailed reports on the occasion of the 1978 fair on economic relations between German enterprises and South Africa.

A "GDR" agent operating in the Federal Republic under the cover name "Fred" supplied information in Leipzig on research results of big industrial enterprises in the Federal Republic to his handling officer.

The Leipzig Fair is also of interest for another customer. Many documents brought along by Stiller carry the sign "SU" on them. It means that this information has been passed on to the Soviet espionage apparatus.

CSO: 3103

CDU'S KIEP INTERVIEWED ON FRG-GDR RELATIONS

DW111357 Mainz ZDF Television Network in German 1800 GMT 10 Mar 80 DW

[Excerpts from reporter Holtz interview with Walther Leisler Kiep, finance minister of Lower Saxony and CDU treasurer, in Leipzig--recorded]

[Text] [Question] The Leipzig Fair always was an indicator of the state of German-German relations. This year the considerable number of politicians who have come here from the Federal Republic demonstrates that contacts are also being maintained after Afghanistan. In March 1980 Kiep as a foreign and German politician is playing something like a self-appointed role as a reconnoiterer for the CDU/CSU Union. Therefore his program contained not only visits to West German exhibitors, but also talks with members of the GDR party and state apparatus.

Mr Kiep, you will certainly not do business here in Leipzig, so politics must be involved. How do you assess the present German-German atmosphere in Leipzig?

[Answer] A bit of business is certainly also involved. There is business in connection with the Hannover Fair, and Lower Saxony enterprises such as Salzgitter are involved. But I was particularly interested to find out about the atmosphere existing between the two German states in Germany. I have the impression that the GDR is very much interested in a continuation and intensification of economic relations.

[Question] Are you moving entirely along the line of the CDU/CSU Union in making this visit?

[Answer] We have jointly discussed this visit and agreed on it. We believe that we must intensify intra-German relations, particularly in the present crisis.

CSO: 3103

NUCLEAR WAR EXPERT SEES THRESHOLD STILL HIGH

Helsinki UUSI SUOMI ir Finnish 17 Feb 80 p 10

[Article by Keijo Ketulainen: "Lieutenant General Aimo Pajunen: Nuclear War Threshold Very High"]

[Text] Fourteen years ago Major Aimo Pajunen wrote a straightforward pamphlet entitled "Sarjatulta" [Series Fire], in which he discussed, among other things, the problems of war and peace, the situation in Europe and the Nordic area as well as Finland's defense.

At this time Pajunen is a lieutenant general and chief of the Defense Ministry, and is, of course, because of his position interested in security policy questions.

Pajunen does not consider a fateful major crisis to be probable even in the current threatening atmosphere of the world's political situation.

"The threshold of nuclear war remains very high. Everyone knows the catastrophic consequences of such a crisis," estimates Aimo Pajunen.

In the 1950's and 1960's the American economist and physicist Herman Kahn developed the so-called escalation theory, in which he examined the outbreak of a possible nuclear arms crisis. Kahn demonstrated that a crisis would not immediately and automatically break out in a nuclear war, but it contains various steps and threshold which must be exceeded as the crisis becomes more serious. Kahn defined, in somewhat harsh terminology, the steps from a normal peace situation to a major convulsive war.

In his "Sarjatulta" pamphlet Pajunen discussed some of Kahn's models and how alternatives of violence could be eliminated. Pajunen came to the conclusion that the best safeguard for reducing the danger of nuclear war would be "to reduce the number of triggers" or at best to keep it down to a nuclear arms monopoly of two superpowers.

"Subsequently development has turned in this direction due to the nuclear non-proliferation agreement. And I believe that even in the present strained situation the threshold of nuclear war is exceptionally high."

"Aggravated Situation Can Continue for a Long Time"

"Another thing is that it is very difficult to understand why the superpowers continue to develop newer and newer arms systems. Perhaps it is some kind of a feeling of distrust... It is feared that a new technology will give the other a first strike capability."

In spite of the events in Afghanistan, for example, Aimo Pajunen does not believe there will be a broader international crisis or that there will be a serious disruption to world peace, but admits that he is "generally of the same opinion as Assistant Secretary of State Keijo Korhonen".

"Naturally this does not preclude the fact that this aggravated international situation can continue for a long time. The Afghanistan crisis is clearly placing a burden on relations between the superpowers so that there could be some unpleasant international complications.

"However, I am not particularly anxious to speculate on these matters... In the final count there is very little accurate information and the motives of the parties concerned are for the most part obscure."

In Aimo Pajunen's opinion Finland's security policy position seems in any case to be good and strong and also Europe's situation is stable, more stable than at the time he wrote his pamphlet.

Positions Have Changed

In 1966 Pajunen critically disputed the basis of Finland's defense: "For years the defense establishment has outwardly proclaimed the self-adopted illusion that Finland can indeed successfully defend itself even if the aggressor were to use nuclear weapons. It is no wonder that the faith of politicians in the ability of military men to think realistically has been shaken."

Pajunen threw similar darts at the War College. It lacked a reasonable strategic view: defense plans were made on the basis that an aggressor would use nuclear weapons for taking over a piece of territory only several dozen kilometers in width.

How about now? The first Parliamentary Defense Committee noted that Finland's defense is impossible to measure in the face of such a crisis in which nuclear weapons are used. Even otherwise Pajunen considers that positions have become more realistic. And it is no surprise that the lieutenant general considers that this same realism has found its way into the War College.

"Two separate issues must be delineated: the dimensions of military defense and the protection of the population. In any event preparations must be made for even a nuclear crisis with respect to the protection of the population. Although it is positively improbable, it would be irresponsible not to take it into consideration.

"If nuclear missiles are used in a certain situation, they could go off course and also damage Finland. Now we must deal with such a new matter as the Cruise missiles."

Is Pajunen Smiling?

The "Sarjatulta" pamphlet was at its time Pajunen's contribution to an extensive defense policy discussion. Last December Professor Raimo Vayrynen wrote in HELSINKIN SANOMAT: "In practice research and organized deliberation has seldom had any essential significance in a defense policy discussion." Vayrynen complained that positions are too ossified and considered that the feelings and beliefs prevailing in this area are forceful.

"High level discussions on national defense have been on the meager side. Probably ossification and affectation have played a part. But I would also add that the well-known expert, Professor Raimo Vayrynen, is not completely free of them either," retorts Pajunen.

On the other hand, Pajunen is of the opinion that the arguments in the discussion are somewhat aggravated and one-sided and there is reason for this: the discussion is of itself important.

A perpetually favorite subject is the amount of money spent on defense and the decisions made with respect to it. "The generals smile with satisfaction when the Diet approves the recommendations of the Defense Committee," wrote the country's largest daily. How wide is Lieutenant General Aimo Pajunen's smile?

"The article was exceedingly objective," answered Pajunen. He once again refers to the fact that Finland uses 1.5 percent of its national products for defense expenditures and still maintains three branches of defense.

"Also there is no truth to the fact that the proposals of the Army would go through the parliamentary machinery unscathed. For example, the Defense Forces presented two proposals concerning defense expenditures for the years 1977-81 to the second Parliamentary Defense Committee. The amount of one proposal was approximately 12 billion, the second was 9.6 billion. The final decision of the committee resulted in a program worth 8.7 billion."

Militarization?

Aimo Pajunen has throughout his policies leaned toward society, is known as a modern general, and has been mentioned frequently in the same breath as Lieutenant General Jaakko Valtanen. Particular notation should be made of the fact that Pajunen has treated national defense and foreign policy relations as a totality.

The Finnish Army also admits that foreign policy is a primary partial factor in our security policy. With respect to this same issue Antti Eskola noted:

"The increasing emphasis placed on the pre-eminence of foreign policy also forms a protective view behind which the equipping of the country's defense continues more effectively than heretofore."

"That was cleverly said. Unfortunately I have not read Eskola's 'Ihmisen Aanta' (Voice of the People), but such accusations that we are arming seems strange. I have also not noted any particular militaristic development, in my opinion the Finnish Army is not strictly militaristic.

"Indeed, the relationship between national defense and foreign policy is quite clear, national defense must continuously support the nation's foreign policy. Since our foreign policy is oriented toward peace, it must also be pointed out in the defense forces that the defense forces are included in this peace work."

Army and Society

In his pamphlet Aimo Pajunen hoped that the military community created by the defense establishment would develop in conformity with society. This relates to, among other things, social conditions, wages, work and free time, the educational level of personnel, public principles, and so on.

"Indeed there have been reforms. One important one was the unified command reform, in the social area the enlisted men's committees have accomplished a lot. Of course, discrepancies are still sufficient, for example, the wages for enlisted men is very small."

"In this connection Pajunen laughed that "if sometimes I give my opinion about defense, subsequent development in general is not the result of this, but of something else completely."

The military community is different from the rest of society in the respect that there are limits on open political activity. The troops may not belong to any political parties and political activity is prohibited in the garrisons. However, the troops may participate in local politics.

"I myself have some experience in local politics, I was a member of the Haapasaari Municipal Council in the 1950's... Support for me was not weighed in elections since delegates were taken from one and the same list.

"It is doubtful that any country has had positive experiences from allowing unlimited political activity for those serving in the armed forces."

For the Most Part An Adherence to Old Lines

"Sarjatulta" was the writing of a young major; 14 years later Aimo Pajunen is near the top of the defense force organization, a lieutenant general. Has the former author of the above-mentioned pamphlet and spirited debater become more moderate after having climbed higher up the ladder?

"Hopefully not too much... When I look at that old book, I notice that I could still support many of the ideas contained in it. Naturally I would willingly rewrite it if I had the time," states Aimo Pajunen and seems to smile with satisfaction.

PROFESSOR'S INTERPRETATION OF SOVIET PACT IS WRONG

Helsinki HELSINGIN SANOMAT in Finnish 1 Feb 80 p 2

[Editorial: "Who Supports Professor Apunen's Interpretation of Mutual Aid and Cooperation?"]

[Text] According to the views Prof Osmo Apunen expressed on a television program Tuesday, in signing the mutual aid and cooperation agreement, Finland recognizes "the legality of a situation whereby, if a Soviet neighbor should threaten to approach the Soviet Union for the purpose of setting up a combat support area for a planned attack, the Soviet Union would have the right to act."

The mutual aid and cooperation agreement primarily affects relations between Finland and the Soviet Union. According to Article 1, Finland, "as an independent state faithful to its commitments, will fight to ward off an attack" if "Finland or the Soviet Union is subjected to an armed attack by way of Finnish territory from Germany or any state allied with it." In that event, Finland would with all the forces available to it defend its territorial inviolability on land, at sea and in the air and "do so inside Finland's borders," "if need be requesting aid of the Soviet Union or [acting] in consort with it."

Nor does Apunen's interpretation substantiate what the mutual aid and co-operation agreement says about the rest of the world. In the introduction, Finland's efforts to stay out of disputes between the big powers over advantages are referred to. In both the introduction and Article 3, the parties to the agreement emphasize their desire to work for the maintenance of international peace and security in accordance with the goals and principles of the United Nations.

As a private citizen, Apunen is free to interpret the mutual aid and co-operation agreement as he pleases. However, on television he was not interviewed as a private citizen, but as an expert who occupies two chairs as a professor of political science in another country, who has served in an important post in the Ministry of Foreign Affairs, who regularly writes on international questions in our biggest party's chief organ, DEMARI, and who has represented his party in many important functions.

Because of Apunen's position and background, his statement raises a lot of questions. Foreigners promptly ask how it is that Finns generally condone views according to which the mutual aid and cooperation agreement restricts Finland's independence and without further ado forces Finland to grant the Soviet Union "the right to act" in neighboring countries. On the other hand, it would be good for the Finns to know whether the entire training and research in international policy in this country is in line with Apunen's views and therefore extremely far removed from official interpretations of the mutual aid and cooperation agreement. It would also be interesting to hear how the Social Democratic Party feels about Apunen's interpretation.

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PARLIAMENT ENGAGES IN RARE FOREIGN POLICY DEBATE ON AFGHANISTAN

Helsinki HELSINGIN SANOMAT in Finnish 20 Feb 80 p 9

[Article by Kalle Heiskanen: "Diet Discussed Afghanistan"]

[Text] The events in Afghanistan predominated the Diet's foreign policy discussion on Tuesday. In a very rare discussion on foreign policy the members of the Diet heard the government's report from 1978.

Finnish Communist Party Chairman Aarne Saarinen as well as Taistoite [Stalinist] Ensio Laine delivered the sharpest speeches in criticizing U.S. policy in connection with the Afghanistan crisis.

In Saarinen's opinion the international importance of the events in Afghanistan has been enormously exaggerated. "The events in Afghanistan cannot in any way be compared with NATO's decision to deploy a large number of nuclear weapons in Western Europe," stated Saarinen.

In his opinion there is a complete lack of proportionality in the fact that President Carter is also using the Olympic Games as a pawn under the guise of Afghanistan in order to further aggravate international tension and promote his own election campaign.

According to Ensio Laine "The leadership of the USA is using Soviet support of the Afghanistan people's right to self-determination as an excuse to aggravate the international situation.

"The hostile actions of the USA and other imperialist forces against Afghanistan are intended to prevent the development of democracy and an establishment of an internal peace in Afghanistan," criticized Laine.

Pentti Sillantaus, chairman of the Conservative Party's Diet faction, was more circumspect in evaluating the events in Central Asia:

"The superpowers have entered into a rather serious crisis in the Middle East, which has meant that one small country has found itself in the path of war and has become occupied by foreign troops," stated Sillantaus.

He emphasized that a restoration of normal conditions to the area is the hope of the whole world and a condition for calming the situation in Central Asia.

"Harmony in world politics is always precarious, regardless of how one looks at it, but a possible conflict between the states of the world at this time is more tangible and destructive than the creator of the Finnish pro erb could ever have imagined," stated Sillantaus.

Koivisto and Sorsa

Prime Minister Mauno Koivisto's (Social Democrat) and Chairman Kalevi Sorsa's (Social Democrat) recent foreign policy positions were also brought up for discussion.

Laine accused Koivisto of underestimating when the latter stated in Stockholm last week that the stockpiling of American weapons in Norway does not worry Finland. Saarinen for his part estimated that this stockpiling will of itself increase unrest in Northern Europe.

Swedish Peoples Party's Jutta Zilliacus held Chairman Sorsa responsible for the SDP's foreign policy. She referred to Sorsa's speech at the meeting of the Socialist Internationale in Vienna. In his speech Sorsa condemned the presence of foreign troops in Afghanistan.

Zilliacus was also concerned whether Professor Osmo Apunen's recent interpretation of the YYA [Friendship, Cooperation, and Mutual Aid] Agreement will also receive the blessing of other Social Democrats.

Sorsa's speech at the February meeting of the Socialist Internationale in Vienna was also examined by Pentti Maki-Hakola (Conservative Party) as well as Ensio Laine.

Chairman Sorsa has obviously correctly evaluated Finnish opinion, stated Maki-Hakola in quoting Sorsa's speech, in which the latter demanded a restoration of normal conditions in Afghanistan as well as the withdrawal of foreign troops.

"In this matter we Finns have no reason to feel ashamed or slink around. Neither do the Diet factions. Finland has sincerely attempted to promote peace and detente. Consistency demands the condemnation of anything that may damage these good causes," stated Maki-Hakola.

Laine was of a different opinion: "I am amazed at Chairman Sorsa's accusations directed at the Soviet Union if they are what was related in the newspapers," he stated.

Jakob Soderman (Social Democrat) defended Sorsa by stating that Sorsa's speech followed the same line as Finland's UN Ambassador Ilkka Pastinen's explanatory

speech at the United Nations after Finland abstained from taking a stand in the Afghanistan vote.

Kekkonen and the Beginners

The Diet has rarely seen such references to President Urho Kekkonen as on Tuesday when the Diet discussed the government's foreign policy report from the year 1978.

Nearly every selfrespecting politician from the right to the left made a reference in their speech to President Kekkonen's foreign policy statements or initiatives.

"We should now take advantage -- as President Kekkonen stated at the opening ceremonies of Parliament -- of all possible channels of communication in the world," stated Pentti Sillantaus, chairman of the Conservative Party's Diet faction. He also concluded his speech with a direct quote from Kekkonen's speech.

The Christian League's Esko Almgren referred to the President's decision according to which Finland's foreign policy may not proceed from the premise that our own goals are also someone else's goals. Almgren considered it natural that President Kekkonen has emphasized the continuity of our foreign policy.

Aarne Saarinen (Communist) talked as the President did about plans to stockpile American weapons in Norway. "It is clear that this will of itself increase unrest in Northern Europe. For this reason the well-known initiatives of the President of the Republic have become even more important and timely," stated Saarinen.

He meant the President's proposals concerning a nuclear-free Nordic area.

Ensio Laine of the minority wing of the Communist Party wanted to emphasize the following statement made by the President of the Republic at the opening ceremonies of Parliament:

"That which has happened beyond the borders of Europe should not damage the results achieved here. If this should happen, it will be a long time before we will once again achieve the present level if at all. We must now take advantage of all possible channels of communication. In my opinion the CSCE process continues to offer the best opportunity."

In the section of the speech in which he quoted President Kekkonen Laine forcefully criticized the United States for aggravating the international situation.

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KOIVISTO IN SWEDEN ATTEMPTS TO EXPLAIN STAND ON NORWAY

Helsinki HELSINGIN SANOMAT in Finnish 20 Feb 80 p 9

[Article: "Koivisto Explains the Norway Statement: We Wanted to Avoid Criticism by Our Neighbor"]

[Text] Prime Minister Mauno Koivisto has now agreed to comment on the Norway statement he made last week in Sweden, which has been severely criticized by the SKP [Finnish Communist Party] minority and SUOMENMAA, the chief organ of the Center Party.

Koivisto was asked at the press conference in Stockholm whether information about the stockpiling of American weapons in Norway is arousing unrest in Finland. Without hesitation Koivisto answered "No". Now Koivisto is explaining that prior to the press conference an agreement had been reached with Swedish Prime Minister Thorbjorn Falldin to avoid any comments on Norway.

At the press conference held during Prime Minister Koivisto's official visit to Sweden the director of the Swedish news agency TT asked about the effect of Norwegian and U.S. negotiations on security policy positions in the Nordic area.

Answer: "As far as I understand it is not a question of a new issue, but it is an old question. Also it is not quite proper that the Finnish prime minister should come to Sweden to discuss matters about a common neighbor."

Question: "Thus you will not be able to comment on whether the forthcoming agreement will somehow affect Nordic security policy?"

Answer: "I do not see that the question is about anything new. It is not a new question even though it may somehow seem to be."

After that Koivisto was asked whether this information has aroused unrest in Finland. Koivisto thought about the answer for a second and without hesitating answered: "No".

Koivisto talked about the press conference and the background of his statement in the following manner to HELSINGIN SANOMAT:

"An Open Mind with Respect to the Press Conference"

"Generally an official visit is associated with the possibility of a press conference, and it is a rather valuable thing. In it the host country opens up channels of communication and if the visitor has something to say, this is the most appropriate opportunity to present one's views.

"For example, the question was brought up with respect to what difference there is between the YYA [Friendship, Cooperation, and Mutual Aid] Agreement between Finland and the Soviet Union, on the one hand, and the agreement between Afghanistan and the Soviet Union, on the other. I stated that I was not familiar with the Afghanistan agreement, but that we are very satisfied with our YYA Agreement and that it contains the central principles of our foreign policy.

"Also there was an opportunity together with the Swedish prime minister to state that the worsening of international relations should be brought to a halt and a renewed arms race should be prevented and that these viewpoints are very important and close to both countries.

"When one goes into such a press conference, one must assume that many different kinds of questions will be presented, including some very difficult questions. To a certain degree questions can be avoided, but one should not go into a press conference to read previously rehearsed statements and to reiterate a government's position, but one should go in with an open mind and strive to transmit something direct."

"Weapons Stockpiling Is an Old Issue"

"When it became clear that the morning newspapers had discussed Norwegian plans to stockpile military supplies in the northern part of Norway, before going into the press conference I confirmed with Prime Minister Falldin that the question is not about anything new. The news was presented with the evident attempt to raise the question that the Norwegians are changing their policy as a result of the events in Afghanistan.

"We confirmed that there was reason to try to avoid such statements which could be construed as an attempt by the Finnish and Swedish prime ministers to present statements and ideas about the justification or non-justification of the policies of a third country, Norway.

"When it was asked at the press conference whether and in what way the above-mentioned news would affect Finland, the limits of the original position were exceeded. If I had answered the question positively or that Norway's actions are arousing unrest in Finland, then the next question would have been: What does the Finnish government intend to do about this matter?

"Thus those who talk and write about Finlandization and are all the time effacing Finland from the world's map would now argue that the Finnish prime minister has begun to interfere in Norway's affairs."

"Raised Eyebrows in the East"

"On the other hand, it was also clear that if I answered in the negative, eyebrows would be raised in the East. However, I had reason to expect calmer reactions on the part of the Soviets.

"And in the final count the question concerned the reactions caused by this news in Finland. There was reason to express that a very small portion of the Finnish people would ever have a chance to read it.

"It is frequently said that the international situation develops disadvantageously for the reason that there is insufficient trust between governments. We have that advantage that we have good and confidential relations with our neighbors.

"From our point of view it would be good to hope that our neighbors would have the same trust among themselves that we feel toward them," stated Kivistö.

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CP LEADERSHIP HOLDS MEETING ON PARTY DISSENSION

Helsinki UUSI SUOMI in Finnish 19 Feb 80 p 6

[Article: Saarinen on Communist Discussions: "The Situation Is Not What it Seems"]

[Text] The conflicts in the Finnish Communist Party are not as great as they seem from the outside. Such a conclusion was drawn by Chairman Aarne Saarinen at the unofficial summit discussion of the SKP [Finnish Communist Party] leadership held last weekend.

Except for two members the Political Bureau of the SKP assembled last weekend at Pyataa.

"There everyone was free to express his opinion, understanding, evaluation, and proposals," stated Saarinen.

According to Saarinen many old issues were brought up at the discussion, but there were also new ones: "I believe that this discussion promoted unity.

"The fact of the matter was that the internal conflicts are not as great as they would seem from the outside. Both sides felt responsibility."

Saarinen states that he observed a readiness in principle to continue the discussions in an unofficial form.

Sinisalo: Nothing New

SKP Vice Chairman Taisto Sinisalo does not consider the weekend discussion to be as fruitful as Saarinen does.

"The party's internal relations are not at a new level as a result of this meeting. The discussion did not produce anything new. Indeed, no advance hope was given for the discussion," states Sinisalo.

"Discussions should be held, there is nothing wrong with this."

Was the discussion constructive?

"Chairman Saarinen has in recent times used hard language to encourage the Sinisalo minority to join in a common front. According to Saarinen the issues must be resolved at the latest at the party congress to be held a year from now.

"The SKP majority or the Saarinenites have threatened to bring these issues up for a vote if necessary.

"At the last couple congresses an attempt has been made to achieve unanimity with open-end positions, which each faction has thus interpreted to their own liking. One subject of conflict is participation in government. The Communist minority or the Taistoites are as a matter of fact in opposition."

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COUNTRY'S OIL RESERVES INSUFFICIENT FOR WORLD CRISIS

Helsinki HELSINGIN SANOMAT in Finnish 29 Jan 80 p 18

[Article by Martti O. Hosia and Hannu Olkinuora]

[Text] Finland is poorly prepared for a new oil crisis. Although most of our oil — a good two-thirds — is bought from the Soviet Union through long-term agreements, we will have to begin rationing oil immediately if the OPEC-country oil deal now in the offing is interfered with. It is an open secret that Finland's guaranteed reserves will only last a few months if we continue to consume oil at the resent rate.

Our industry, dependent on raw materials imported from abroad, is also very vulnerable. Aside from oil and grain, there is no provision under the law for any other guaranteed reserves.

While the cold war is interfering more and more with world trade, Finnish industry is on a rising tide. But industry prefers to remain silent on its preparedness for a crisis.

Of course, industry has ready-made plans for exceptional situations. It finished that job long ago under the egis of the Ministry of Industry's Defense Economy Planning Commission.

Quite recently, however, industry's own activity has begun to be stepped up. While there can be no question of any massive preparedness movement, in industry's central organizations it is considered best to maintain silence on the whole issue. At the same time the left fringe of the political spectrum has begun to demand that the Defense Economy Planning Commission be opened to politicians too. Discussions on this have just begun but will move into high gear before the close of the planning commission's session at the end of June.

Apparent Composition

On the planning commission each industry has its own "cartel." These operate chiefly in industry's own suborganizations. The planning committee

also has its own operations office which is headed by industrial counselor K.H. Pentti, who left his position as assistant general manager of Neste 2 years ago.

The planning commission directorate, elected for a term of 4 years, is apparently a group composed of dozens of economic, government and labor market leaders. This organ meets several times a year, leaving the management of ordinary business to a central committee chosen from among its members.

At the present time, PARTEK [expansion unknown] general manager, Minister Sakari T. Lehto, is serving as chairman of the entire planning commission and the Central Committee. The members of the Central Committee are: general manager Erkki Sunila, general manager Erkki Ahola, general manager Kalervo Hentila, bank director Paavo Laitinen, government mediator Keijo Liinamaa, Minister Esko Rekola, mining counselor [honorary title] Jouko Sere and Lt Gen Pentti Vayrynen.

In the opinion of leftist politicians critical of the work of the Advisory Council, planning decisions are made in the Central Committee and in industry's own circles. There is no parliamentary supervision nor, for example, is it important to labor-union leaders in the Advisory Council's highest organ, because decisions are not made at that level.

In the Trade and Industry Ministry, which the Advisory Council is subordinate to, officials wonder what the ministry's role is. The ministry's top officials participate but lesser officials, to whose functions the matter has been assigned, have not even been invited to attend meetings.

Just Tools

In the opinion of planning commission office head K.H. Pentti, the hullabaloo is pointless. "We are just the tools of the authorities. We make no decisions; we just perform tasks for the different officials."

According to Pentti, the matter does not even concern industry very much, rather requiring the participation of all partners to the affair, and industry has demonstrated a positive civic attitude.

"In this capitalist system, one acquires things either with money or through free action. For us, it is not ordained that industry be forcibly nationalized when a crisis situation arises."

Pentti determines the planning and estimating tasks involved in the Defense Economy Planning Commission's work so that people's ability to make ends meet will be protected in exceptional situations.

"This cannot be very easily managed with just the aid of a typewriter. We have a staff of eight people, whereas in Sweden they have 200. It is a matter of voluntarily resigning ourselves to the fact."

Unanimous Agreement on Guaranteed Reserves

In industrial counselor Pentti's opinion, there is quite far-reaching unanimity in the country as to [the possibility of] increasing our tiny guaranteed reserves. According to Pentti, the only way of dealing with the oil crisis is to increase our reserves. "Naturally, we should raise our level of self-sufficiency, but that is another question."

The committee that has been deliberating regulation in terms of a preparedness law and which will have completed its job before the end of the year, has proposed the establishment of new, guaranteed reserves and additional stocking following the example of Sweden, so that with their aid we could manage for 2 years.

Industrial counselor Pentti is particularly concerned over whether our oil reserves are sufficient. In his opinion, they now amount only half of what they should be.

At peak consumption rate, oil from guaranteed reserves would last for about 3 months. Before Christmas, Trade and Industry Minister Ulf Sundqvist (Social Democrat) expressed the goal of the decision-makers in demanding 2 billion marks to increase reserves in the near future.

With 2 billion, we can today get about 3 million tons of oil, which corresponds to what we consume in about 3 months, or precisely a doubling of our reserves.

In Pentti's opinion, it is pointless to talk about time since consumption will in any event have to be reduced at once and oil fully rationed. Exhaustion of the supply of OPEC oil alone will suffice to produce this situation.

According to Pentti, it is quite probable that the OPEC crisis will affect [portion of text apparently missing]. It is likewise certain that the drying up of Arab oil would also reduce imports from the Soviet Union. "The CEMA countries, associated with the Soviet Union, also get OPEC oil and when that is exhausted, the Soviet Union will have to increase its shipments to them. Then other customers will suffer," Pentti believes.

"The 1973-1974 oil crisis taught us that the buyer is always in a weaker position in an oil deal. It is pointless to appeal to the terms of agreements if one hopes to get something," Pentti said.

Gas-Ration Cards, Wool-Clad Fee'

Pentti's "full rationing" means that all oil products would be available only with ration cards. "First of all, heating levels will be dropped to such temperatures that we will have to wear woolen pants and throw blankets over our shoulders."

On the other hand, electricity will go farther "so that those who have managed to provide themselves with some sort of electric heater will be able to keep their feet warm."

"The level of industrial activity will drop decisively, to say nothing of that of the use of private cars, which will be sharply curtailed."

If the decision is made to begin to ration oil, it will be a political decision. As soon as the order reaches it, the Transportation Ministry will dig the already printed gas-ration cards out of the Bank of Finland's vaults and distribute them to drivers. The Trade and Industry Ministry will handle the rationing of heating oil.

According to Pentti, gas rationing is important for psychological reasons. To be sure, Finland would have enough gasoline because it refines almost all its oil itself. "In a crisis situation gasoline is worth more than gold. It can always be traded for more important materials and goods.

"Of course, Neste would then have to compromise its profitable operations and relegate its expensive installations to lesser uses."

More Grain Now for Less Money

Guaranteed grain reserves have diminished several times over the past few years. Officially, there are still 90 million kg of guaranteed reserves of cereal grains, which is enough to last for 3 months. Farmers have, on the one hand, demanded that our level of self-sufficiency be raised and, on the other, that guaranteed reserves be increased with domestic grain.

Last week, however, the government decided to buy 100 million kg from abroad because the price of grain the United States has prohibited its farmers from exporting to the Soviet Union has dropped.

In addition to the low price, a Defense Council statement in which attention was directed to the cereal-grain situation also influenced the decision to import grain.

Finland at present imports about half of its cereal-grain needs.

Outokumpu Copper More Costly

Among Finnish enterprises, the rapid change in the situation is clearly noticeable at Outokumpu Oy., which operates in an industry particularly sensitive to the crisis. In addition to gold and silver, metals subject to speculation which for some time now have been fluctuating, over a week ago the same thing also started to happen to trading in raw materials important for the war industry. The fact that the market has begun to move so violently is regarded "at least as a sign that something special may be expected."

Jorma Hakkarainen, a member of the Outokumpu board of directors, believes that the fact that the world situation has tensed up into a serious crisis has in part been the cause of uneasiness in the raw materials market. Hakkarainen says that in part the freezing of investments in Iran has strengthened business.

Of the metals imported by Outokumpu, copper has clearly risen in price and the price of zinc has started to move. As an importer, as yet no one has stolen any trade from Outokumpu, although the export markets for the company's biggest strategic metals, zinc, cobalt and nickel, are expanding in the United States, precisely in terms of supply.

Rauma-Repola Subjected to Export Ban

The Finnish metal industry claims that the crisis has in no way affected demand. Rauma-Repola has certainly felt the effect of world politics. The company has had to order some equipment for its oil-drilling platforms destined for the Soviet Union from Norway since the original American supplier declined to sell it to the firm after the export ban.

Well remembering the Korean situation, the lumber industry views the present situation as serious because the crisis is the most extensive of its kind since the 1950's.

The lumber industry, which even this year predicted the beginning of a decline, has not yet really noticed anything in the demand for its products that would change earlier estimates.

For example, the still-burgeoning lumber trade is viewed as being traceable to last year when a shortage developed on the market due to Swedish and Soviet timber problems.

Signs of Overheating

International forecasters, however, still fear that a rising economy is indicative of overheating. Trading is still going well and the demand for paper-industry products, for example, is expected to temporarily pick up this year just because of the American presidential election and the olympics. At least that is the way things turned out in previous years.

If the international crisis adds fuel to this by directly increasing the demand for lumber-industry products and increasing consumption in general, the supply will no longer be sufficient and the elements for an overheating of the economy will be assembled.

The Finnish paper industry, which is almost completely dependent on the Americans, would rather not have to look forward to galloping inflation in the countries competing with it. Markets opened due to labor-market unrest in competitor nations are of little consolation when the same situation awaits us at home and a steep rise in the economy is followed by an even steeper decline.

ENERGY IMPORTS WORSEN FOREIGN TRADE EARNINGS PICTURE

Helsinki HELSINGIN SANOMAT in Finnish 30 Jan 80 p 23

[Text] Trade-balance deficit of 600 million.
One-fourth of all imports for energy.
2.6-billion Soviet trade deficit.
Foreign trade totals over 87 billion.
National income 28,800 marks per capita last year.
5.5-percent rise in real wages.
Economic growth still brisk at start of year.
Controlling inflation now chief concern.

The 700-million-mark December trade-balance deficit has turned last year's entire balance into a 615-million-mark deficit balance. The first half of the year closed with a 1.3-billion-mark surplus, but during the last 6 months the deficit slid to 1.9 billion marks. The second-semester deficit trend continued in January.

Export and import volume rose sharply last year. The rise in the price of energy increased imports at an alarming rate. Last year saw our energy bill go up by 4.3 million marks. The 11.3-billion-mark cost of energy imports already accounts for 26 percent of all our imports.

A year ago the foreign trade surplus still amounted to a record 2.9 billion marks. According to Customs Administration figures, last year imports rose by 44 billion marks and exports by 43.4 billion. The value of imports increased by 36 percent and that of exports by 23 percent.

The dizzying rise in the price of crude oil and liquid fuels expanded the Soviet trade deficit, which increased the goods trade to 2.6 billion marks. During the same period, with the rise in the price of energy and growth in the value of imports, the value of exports dropped by 5 percent. But then too, the fluctuation in exports was most noticeably accelerated by the timing of sea shipments due to the time stipulated in agreements.

Growth in Import Volume Too

Last Year's 4.3-billion-mark rise in the energy bill brought on a 1.1-billion-mark rise in import volume too. General director Jorma Uitto said that the last 3.2 billion marks swelled the rises in price. The 26-percent share of all imports is a lot in comparison with, for example, the situation in 1976, when the corresponding figure was 11 percent.

This year the situation will continue to be a difficult one. The Finance Ministry (VVM) estimate of the situation is based on the assumption that the price of oil will this year be on the average 45 percent higher than last year's average price. Therefore, the 11.3-billion-mark oil bill will grow considerably.

On the occasion of the publication of the VVM economic review, all the speechmakers demanded, as though with one voice, investigation and application of domestic energy sources.

Although our trade with the Soviet Union is bilateral, the deficit is a serious problem. The shipments required to pay the oil bill impose a heavy burden on our industrial resources.

"Deficit Pressures Remain the Same As Before"

"The trade with the East will pose a big problem this year. The final prices for natural gas and oil have not yet been agreed on but, despite factors that still remain open, deficit pressures may be described as being similar to last year's," general director Timo Relander feels.

According to Relander, the accrued deficits are already so big that they cannot be covered in 1 year. Finance Minister Ahti Pekkala (Center Party) reminded us of our country's high level of consumption and the restrictions that imposes in covering the Soviet trade deficit.

Foreign trade statistics on Finnish construction projects in the Soviet Union include only the value of shipments of materials. Taking into account Finnish construction projects beyond the eastern border and other transportation cost items, the Bank of Finland clearing account shows over 140 million rubles or a deficit of over 800 million marks.

Thus the account deficit has exceeded the 100-million-ruble (about 600 million marks) credit limit allocated to it. This excess does not cause any insurmountable problems, but it does pose the problem of getting rid of the credit limit by raising it. Another possibility, already resorted to before, is the signing of supplementary trade agreements.

The credit ceiling was once doubled due to the growth of trade between Finland and the Soviet Union. The need for supplementary trade agreements is, however, obvious since, on the basis of the trade record for the current year, a new deficit amounting to a couple of hundred million rubles has been produced.

"This Year's Deficit 5 Billion"

Pekkala also stressed the fact that we are now already living with a trade-balance deficit rate of about 4 billion marks. As for Relander, he maintained that the VVM predicts a trade-balance deficit of about 5 billion marks for this year. Nor did he exclude the possibility of an estimate containing a bigger deficit.

The value of exports increased to 23 percent more than last year's. The rise in export prices averaged 12 percent and in export volume 10 percent.

Imports increased more sharply than exports. In the 1970's, the just-recorded larger figure of 36 percent was attained only in 1974, when the oil crisis, which had just begun, forced import prices up.

Last year import prices rose an average 15 percent and import volume 18 percent as measured by the volume index. Import volume, however, still remains slightly under the 1974-1975 peak level.

Lumber Exports Over 1973 Level

The lumber industry last year increased the value of its exports by 4 billion marks 927 percent). Export volume exceeded the 1973 record level by 11 percent. The wood-products industry grew at a relatively greater rate while the paper industry declined slightly. The value of cellulose exports rose by 50 percent.

On the average, lumber industry exports increased more slowly. The value of ship exports dropped 22 percent, which reduced the growth of metal-product and machine industry exports to a minimal level. The value of basic metal industry exports rose sharply 37 percent. Agricultural exports rose while fur exports increased by 49 percent.

EFTA and EEC Surpluses

The EFTA- and EEC-trade surplus amounted to 4 billion while the growth of imports from those areas was slower than average. On the other hand, the development of exports was just the opposite.

As the leading source of oil, OPEC imports naturally set their own figure, increasing in value by 135 percent.

Aside from the Soviet Union, our trade with the CEMA countries showed a deficit as well. The overall deficit came to over 3 billion marks. The value of CEMA exports dropped slightly. Exports to the developing countries grew at a less than average rate.

Foreign Debt Reduced

Last year the strengthening of our national economy's foreign trade balance, which had gone on for several years, was halted. An increase in domestic demand and a rapid rise in oil prices turned the trade balance into a deficit one in the last half of the year. According to estimates, the deficit for the entire year was 1.1 billion marks.

The net foreign debt was reduced, figured in terms of marks, due to a change in the foreign exchange rate. A year ago the debt amounted to 27 billion marks and it is now 24.5 billion, or 15 percent of the GNP (a year ago still 20.6 percent).

The net long-term debt was 28.4 billion marks and the net short-term to be contracted was 3.9 billion. The government's share of the net debt clearly grew by 30 percent last year.

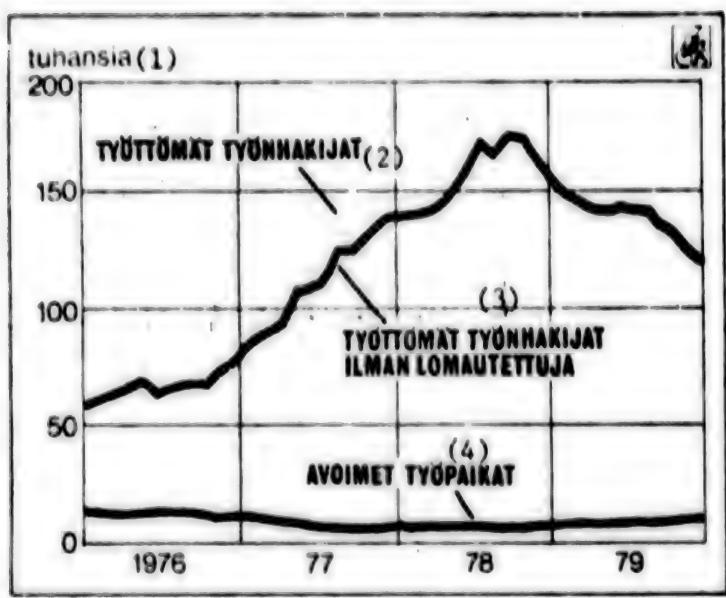
"Better Than Balance in OECD Countries"

Bank of Finland department head Sirkka Hamalainen reported on the trade balance and emphasized that it had nonetheless been weakened significantly less than those of the other OECD countries.

Despite the trade-balance deficit, the excess of service balance income continued to increase so that the balance sheets for goods and services were not weakened to the same extent. Along with the revival of foreign trade, the service balance surplus grew especially thanks to increased income from shipping.

Despite reduction of the foreign debt base, capital return and income transfer balance-sheet deficits grew by another 3.6 billion marks due to a rise in foreign interest rates.

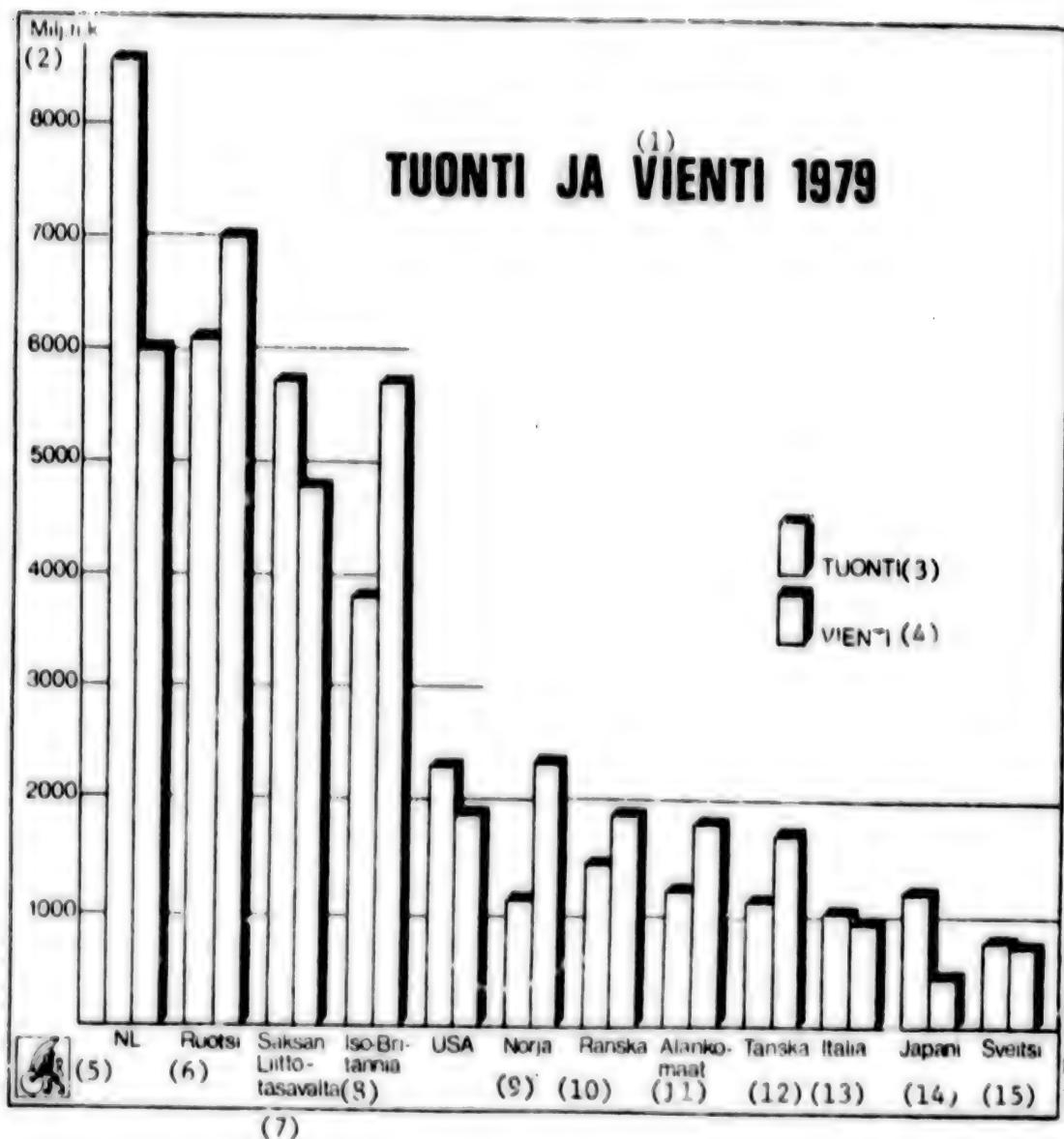
In net figures, 300 million marks in long-term capital was imported and 1.6 billion marks in short-term capital exported; thus the overall balance showed a deficit of 2.3 billion. The deficit was financed through a 1.4-billion-mark increase in commercial bank and Postal Bank foreign exchange currency liabilities and a 900-million-mark Bank of Finland foreign exchange currency reserve.



Key:

1. Thousands.
2. Unemployed jobseekers.
3. Unemployed jobseekers excluding those given a leave of absence.
4. Available jobs.

TUONTI JA VIENNI 1979



Key:

- 1. 1979 imports and exports.
- 2. Millions of marks.
- 3. Imports.
- 4. Exports.
- 5. Soviet Union.
- 6. Sweden.
- 7. FRG.
- 8. Great Britain.
- 9. Norway.
- 10. France.
- 11. The Netherlands
- 12. Denmark
- 13. Italy
- 14. Japan
- 15. Switzerland

BRIEFS

MORE SOVIET GAS NEEDED—The government's ministerial economic policy committee decided on Tuesday that investigations concerning an increase of natural gas imports from the Soviet Union would continue. First of all, it will be ascertained how the present capacity of our natural gas lines can be fully exploited. While according to the basic import agreement it was originally planned to import about 1.4 billion cubic meters a year, this year 1.05 billion cubic meters of natural gas will be imported. According to the natural gas working group's report, the carrying capacity of our present natural gas lines will have to be quadrupled. The working group is composed of representatives of Neste Oy., the Trade and Industry Ministry and the Foreign Affairs Ministry. According to the latest basic trade agreement between Finland and the Soviet Union, as of 1983 imports are to rise to over 1.4 billion cubic meters. The agreement also includes shipments of pipeline equipment from the Soviet Union. The working group that reported on increasing natural gas imports a year ago recommended that the pipeline be extended to Lahti in 1981, to Tampere in 1984 and to Helsinki in 1985. Overall costs were estimated at 800 million marks. The Trade and Industry Ministry has pointed out that a great number of economic questions have to be settled before an overall decision on an increase in the use of natural gas can be made. It is considered important that as of 1983 a way of using the residue be found for the growing additional imports alongside the present network. [Text] [Helsinki HELSINGIN SANOMAT in Finnish 31 Jan 84] 11466

CSO: 3107

COMMENTARY ON PCF NATIONAL COUNCIL MEETING ON INTELLECTUALS

Dissent Within Party Evident

Paris LE MONDE in French 9 Feb 80 p 8

[Article by Patrick Jarreau: "The Preparatory Debate Reflects Opposition on the Concept of the Communist Party and Its Role"]

[Text] The National Council of the Communist Party, meeting at Bobigny (Seine-Saint-Denis), on 9 and 10 February, is to debate the report by Mr Guy Hermier, member of the Political Bureau, "on intellectuals, culture, and the democratic advance to socialism." Its efforts are to lead to the adoption of a resolution whose draft, published 2 months ago, was to be discussed within the party. On Sunday, Mr Georges Marchais is to deliver the closing address for the National Council meeting.

"The crisis of spring 1978 has not been resolved." With this comment, Mr Maurice Goldring--whose contribution to the discussion forum was reserved for readers of FRANCE NOUVELLE much smaller in number than those of L'HUMANITE (LE MONDE, 6 February)--summarized the situation in which many Communists intellectuals are finding themselves in dealing with their party. Right after the March 1978 legislative elections, it was primarily the intellectuals who had assumed responsibility for expressing--within the PCF [French Communist Party] and outside of it--questions and criticisms which were widespread among the militants and the Communist cadres. They thought that they were entitled to demand, in view of the principles affirmed by PCF leaders, especially in the course of the 22nd Congress (February 1976), that a debate be held on the new situation created by the failure of the Left, on the responsibilities of the various parties for the breakup of the union and on the way in which the leadership of the Communist Party had handled the problems of the alliance with the PS [Socialist Party].

This debate was rejected and the PCF leadership, at first, denied that its own analysis had been challenged; after that it accused those who did not subscribe to its viewpoint of playing into the hands of the Party's enemies. The intellectuals were the favorite target of these accusations; their attitude had been interpreted as political weakness which supposedly was inherent in their social status. Many among them at that time had the impression that

they were discovering a party that was not the one they thought they belonged to. Some of them drew the proper conclusions from that by leaving the PCF; others, quite a bit more numerous, rejected that logic. By remaining within the Party, they created a new situation: The existence, no longer of "oppositionists," but of an opposition as such within the PCF.

Transformation or Opposition?

This position, naturally, did not assume the shape it had within the PS; not at all organized and quite diverse, it is not a force which amounts to anything much; it does not claim to be a spokesman and it does not have any candidates for leadership positions; it is made up of divergent, if not contradictory analyses and undertakings. It does exist however in terms of the rejection of schemes which the party leaders continue to pursue in their actions. We thus have two concepts of the party which oppose each other here.

The PCF leadership itself took note of this situation when it decided to respond to the criticisms which it had gotten as a result of its position on Soviet intervention in Afghanistan through the launching of a petition. It has often turned out that the PCF in this way asks the support of outside personalities as part of a polemic opposing the other political forces. This time something else was involved: The party's leadership addressed itself to the militants in order to demand that they support it against other militants. Initially meant for the intellectuals, this petition is now being submitted to ever broader categories of militants and L'HUMANITE is continuing to publish signatures by the departments. These lists express the cleavage which their publication pretends to deny in a semi official fashion.

The intellectuals thus are the protagonists of a conflict which the debate, to be devoted to them on Saturday and Sunday, reflects indirectly. Through the issue of alliance among workers and intellectuals, there emerges the issue of the role of the Communist Party in French society and the role of the various social categories in the Communist Party. Should the latter be a force for transformation, trying very hard to combine all aspirations for change which are expressed in society or should it be an opposition force which, in politics, expresses the demands of the social group from which it springs? The support of the intellectuals for the PCF assumes a very different meaning depending upon the answer to that question.

The leadership is conducting this debate with all the more roughness, since it is caught between an internal problem and an election problem. To preserve its authority over the party, it must fall back on a narrow concept of its functioning which would bar any real debate. But in this way it runs the risk of turning away from the PCF those sympathizers and voters who are repulsed by this return to a type of language which they had thought was a thing of the past. This is why, undoubtedly, we have seen Communist leaders invite all intellectuals to contribute to the implementation of the party's policy in connection with the European elections and then adapt a stubborn attitude, first autumn, and thereafter, with respect to those who criticized one or the other aspect of this policy.

In submitting, in the 1 February issue of L'HUMANITE, the weekly commentary addressed to the intellectuals, which was to come out on 7 March, Mr Hermier emphasized that Mr Jean Elleinstein, a member of the editorial board, should not expect to have "the possibility of utilizing Revolution as a means for fighting against the Party." The editorial board by the way only met twice since its establishment, in the month of June 1979, and it seems that participation in the drafting of the weekly supplement would have to be more reduced.

The leadership's behavior is explained by the fact that, in addition to the intellectuals, its policy is received with reservations and even hostility by a no means negligible portion of militants and certain cadres. The "Fiszbin affair," in Paris, in the summer, was proof of that. Doing justice to the demands of the intellectuals, today, would in fact mean strengthening a current which the Party leaders on the contrary are trying very hard to deny every opportunity to manifest itself.

Guy Hermier on Proletariat

Paris LE MONDE in French 12 Feb 80 p 9

[Opening Statement by PCF Politburo Member Guy Hermier: "The Class Content of the French Communist Party's Struggle"]

[Text] Politburo member Guy Hermier opened the meeting of the National Council on Saturday, 9 February, by emphasizing that the Communists reject "the perspective of a France with a disfigured, diminished, and dependent culture" and that they call upon everybody "to defend and promote the French intellectual potential." Mr Hermier then brought up the charge of "workerism" which has been made against the PCF leadership, especially over the way in which it had oriented the campaign prior to the March 1978 legislative elections.

Mr Hermier explained that the strategy implemented by the PCF was designed "to open up a democratic way out of the crisis of French society" and "to push democracy to the limit, in all fields of economic, social, cultural, political, and international life, in order to come up with answers to the country's problems." And he emphasized: "Consequently, this is a strategy of broad union because such cases can result only from the development of a majority movement among our people, expressed through struggle and universal suffrage."

Mr Hermier added: "But, as we said ever since the 22nd Congress, this strategy at the same time and inseparably so is the struggle of the most resolute class struggle because democratically advancing toward socialism presupposes and demands driving back and crushing the predomination of big capital over all of the nation's life and thus inflicting a defeat of international proportions on imperialism. The stakes in the class confrontations in France are so important that we will not advance on the road we have charted for ourselves without a complex and bitter struggle."

"It is precisely this issue of the class content of this change, of the class struggle designed to open the way for it, which was at the focus of the battle during the 1978 legislative elections. Basically, the Socialist Party rejected the transforming content of the common program, it broke the union up, it veered to the Right and it assumed responsibility for defeat. It is today busy pushing toward the Giscardian consensus and sustaining the counter-offensive of American imperialism."

Mr Hermier explained that "While the place of the intellectuals in social life is growing, the historical role of the working class is becoming stronger," that class thus becoming "increasingly able to master all of the dimensions of the process of revolutionary transformation of society." This is why, he said, "The enterprise has become the central place where the working class' alliance policy must be deployed." Mr Hermier emphasized that the action aimed at the engineers, technicians, and supervisory personnel "must be a permanent concern" of communist officials and militants in the enterprises. He asserted the following: "There are tens of thousands of communist intellectuals in our party who are against the present system, against that old capitalist world which is guilty of so much inequality, misery, injustice, and violence."

Finally, Mr Hermier talked about the place of the intellectuals in the PCF. He declared: "Democratic centralism, which prevails in our internal life, means that everybody really counts for one. And everybody has the right to hold his own opinion so long as the debate and everyday life has not convinced him to change that opinion. Far from leading to a diminishing lineup, the Party's profound unity brings out its human alternatives."

Comments by Maurice Goldring

Paris LE MONDE in French 6 Feb 80 p 10

[Text] Mr Maurice Goldring, in the discussion forum of FRANCE NOUVELLE, the central weekly of the Communist Party, participates in the debate preparatory to the meeting of the National Council of the PCF on 9 and 10 February, devoted to the intellectuals. Mr. Goldring noted the lack of interest aroused by the resolution draft (LE MONDE, 13 December 1979) among the members of the university cell at Vincennes, to which he belongs. To explain this fact, he first of all mentioned "the quality of the daily political struggle."

He writes as follows: "I make a distinction between shouting out loud and talking normally. I have learned in the Party that you have to spend more time studying the quality of our responses than describing the baseness of the adversary. There is one very simple reason for that: The baseness of the adversary does not depend on us, whereas the quality of our responses depends only on us. It does not suffice to say that the anti Communist campaign is hysterical in order to cause it to fail. We have to fight against it through the quality of our arguments and the strength of our convictions."

In second place, Mr Goldring thinks that "The spring 1978 crisis was not overcome because it was admitted." It criticizes the way in which the PCF leadership at that time condemned the "intellectuals ensconced behind their desks," and then, after the 23rd Congress (May 1979), invited the intellectuals to participate in the activities of their party, especially through a new weekly, REVOLUTION, and a new research organization, the Marxist Research Institute. Mr Goldring finds right now that the editorial board of REVOLUTION (to which he belongs) has not met for the past 3 months.

He writes as follows: "A working class which aspires only to change needs no intellectuals. It should suffice for it to accept the system in power so as to withdraw to its gloom and to make the whole thing as painless as possible. The intellectuals who do not aspire to change do not need to build an alliance with the working class. It suffices for them to theorize on their powerlessness and their despair."

"The British Labour Movement--to which we should certainly give credit regarding reformism and class collaboration--certainly is worth studying here. The most Right-wing Labour leaders permanently promote and play up spontaneity, distrust toward intellectuals and their 'fuzzy theories.' It is up to the intellectuals to destroy the distrust of the British workers toward theory or to promote it again in order better to take hold of leading posts. The characteristic feature of British reformism is not the insufficiently worker character of the Labour Party but rather the absence of the ambition to conquer among its worker rank and file."

Jacques Ralite: Social Involvement

Paris LE MONDE in French 7 Feb Rd p 17

[Interview with Jack Ralite, PCF CC member in charge of artistic matters and Deputy from Seine-Saint-Denis; by Thomas Ferenczi: "One can no longer separate intellectual work from community work"]

[Excerpt] (question) In what way does the National Council meeting of 9 and 10 February mark a new phase, 14 years after the Argenteuil Central Committee meeting on ideological and cultural problems?

[Answer] At Argenteuil, we spelled out our policy above all--but not only--with regard to the intellectuals in the artistic professions by recognizing their social function and by affirming the need for freedom of creativity, the need for pluralism, for confrontation, for search. This time, art, its movement, and the other fields (the movement of the sciences, progress in knowledge, techniques, languages, politics, representations, ideas, mentalities, forms of behavior, etc.), regrouped by us under the term of culture, are being taken into account by our political strategy as spelled out during the 22nd and 23rd congresses. This is the first time that the French Communist Party has made intellectual work a central political issue--above and beyond the quality of its earlier moves in that direction. The only-management brand of socialism, which we want,

is possible only if culture unfolds, if everything that makes up the real nation, such as it is, is freely expressed. Culture has become a historical issue, it is the twin sister of democracy. This is "a fundamental force in the historic development of our people," as it says in the document submitted to the National Council for discussion.

[Question] You talked about your strategy taking culture into account. Is this not a way of subordinating culture to politics?

[Answer] Not at all. In the resolution draft, we talk about the "Longwy [illegible in photostat] of culture," which the establishment provokes. The situation of our entire cultural potential is very preoccupying; that is true with respect to scientific research, education, information, artistic creativity, and the enterprises also, where profit pushes intellectual and cultural initiative along although they should have found the basic ground here for getting together with the engineers, cadres, and technicians, with all of the workers; this is also true more generally as to the way in which the establishment tackles the intellectual issue, in Louis-XV style, when the man living in Elysee [Palace] dares talk about the "species getting biologically winded." One of the social tasks of the intellectuals is not to accept this decline and not to allow themselves to be blamed by those who organize it. We want to make sure that the intellectuals will fully play their role so that they may be the actors in an "anti-decline." In this sense, culture, along with democracy, is the second moving force or the second fuel for our strategy.

[Question] You were talking above all about the role of the intellectuals in society. But what about their role in the Party? What freedom do the Communist intellectuals have?

[Answer] They have full liberty. They have a function, just like the other militants. The new Marxist Research Institute constitutes an appeal to their spirit of invention. "I invent, therefore I am," says Aragon. The Communist intellectuals contribute just like the other Communists to spelling out and implementing the Party's policy, the policy of 22nd and 23rd congresses. And we can say that, today, during this impetuous and tumultuous period of time, the vast majority among them act thus. I would add that a number of our initiatives, our proposals--and I am well placed to bear witness to that in my capacity as a deputy--call for a specific contribution from Communist deputies in all disciplines. You must also reflect on the meaning of the veritable public and political eruption of thousands upon thousands of Communist intellectuals on the international policy of their Party.

[Question] They thus take action through their work as militants, not through their work as intellectuals?

[Answer] That is not what I have just said. But, to tell the truth, it depends on them. Each can make his own move. Langevin said, for example, that being a Marxist helped him much in his scientific research. I myself can say that, being a Communist, enriched me tremendously from the viewpoint of thought. Others, however, will separate their militant activities

from their intellectual work, even though the dissociation cannot always be complete. Each is free to make his choice. If a Communist wants to give a very political character to an artistic work, he is free to do so. Because there is a way of giving intellectuals a corner of liberty which consists in putting them in the corner.

[Question] This is the impression of numerous Communist creative individuals who regret that their contribution is not being taken into account.

[Answer] You are correct in speaking of an impression. But perhaps we had somewhat of a tendency to tell them: "Go to your corner and work." Today, we can no longer cut intellectual work off from community work; they are intertwined and they sustain each other mutually. The important thing is the social dialog with a view to the alliance--and our strong determination for change counts heavily here. It is to the credit of Georges Marchais that he contributed to the creation, from this viewpoint, of a real dialog, both inside the Party and outside the Party, and I would even say on the international level. We are talking. Rudely, as in the factories, but we are saying what we are thinking. When we have a real discussion, we are not supposed to say sweet nothings to each other. We do not try to get around the problem. The important thing is to build tomorrow by starting today. And here, amid the development of a combined debate and fight, a struggle of ideas amid all the other struggles, we have the elements of a big change, in a word, a beginning, as of now, toward the advent of a new historical figure of culture."

Monteux: Proletariat, Intellectual Alliance

Paris LE MONDE in French 8 Feb 80 p 12

[Statement by PCF CC member Daniel Monteux: "The alliance must be built"]

[Text] In his last contribution published by L'HUMANITE, Mr Daniel Monteux, Central Committee member, wrote the following on the subject of the "Alliance" between the workers and the intellectuals:

"By virtue of the evolution of the working class and the intellectuals as such and the obstacles to their getting together, one could not conceive their alliance as something abstract and even less so as something in itself. The alliance must be built. Because, if the possibility of profound and lasting agreements between the popular aspirations, the national interest, and the vast mass of intellectuals does exist, then these agreements are not spontaneous, nor are they without obstacles. Contradictions do exist and others will come up. It is therefore necessary to tackle them, head-on, without playing games with reality."

Parmelin, Elleinstein Contributions Refused

Paris LE MONDE in French 8 Feb 80 p 12

[Text] The discussion forum opened in the communist press for the preparation of the PCF National Council meeting devoted to intellectuals on 9 and 10 February, was completed on Thursday, 7 February, in L'HUMANITE and in the FRANCE NOUVELLE issue of 9-15 February. The Board, made up of members of the Party leadership and charged with selecting the texts proposed for this forum, indicated that it received 260 contributions. And it adds:

"Almost all of them proposed an in-depth reflection by the Party on the problems placed on the agenda of the next National Council meeting. So far, 90 were published in their entirety or in part. In making its selection, the Board tried to take into account all of the ideas advanced and to permit the forum to reflect all opinions expressed.

"The Board made two exceptions in deciding not to publish the contributions by Helene Parmelin and Jean Elleinstein. Helen Parmelin addressed a piece of writing demanding a 'special congress of the Communist Party' in order 'to bury' Stalinism in France.' Jean Elleinstein, without any reference to the text under discussion, in terms of amending, criticizing, or approving it, again introduced the thesis which he developed at length in the media, the thesis of an 'estrangement of the PCF from Eurocommunism and a return to ancient communism.' The Board did not consider it good and useful to abandon the serious and constructive discussion in which almost 260 comrades had participated, to the benefit of publications challenging all of the fundamental orientations of the 23rd Congress."

Helene Parmelin on Pro-Sovietism

Paris LE MONDE in French 9 Feb 80 p 8

[Text] Mme Helen Parmelin--whose contribution to the debate preparatory to the PCF National Council meeting on intellectuals had been rejected by the persons in charge of the discussion forum opened in the communist press--communicated her article to AFP [French Press Agency]. In this article, Mme Parmelin demanded a meeting of a special congress of the PCF "to bury Stalinism in France."

"As during so-called revolutionary times," the communist writer continues, "the Communist Party automatically places its opponents among the intellectuals who are the accomplices of the ideological enemy or who are manipulated by him. It suffices to say that socialism exists nowhere and especially not in the Soviet Union, that the entry of tanks into Afghanistan is an imperialist attack against the independence of the Afghan people, that unconditional support for the Soviet Union means shackling free socialism so that those countless ones, who expressed these ideas, find themselves ranged in the camp of Carter and the habitual warriors of 'ideological war.' Among these, naturally, the socialists and the union of the Left are to be peppered with the daily automatic bursts, according to the wish of the USSR."

Antoine Spire Contribution Tabled

Paris LE MONDE in French 12 Feb 80 p 9

[Text] On the other hand, Mr Antoine Spire, whose contribution to the discussion forum preparatory to the PCF National Council meeting, had been stricken by those in charge of the forum, communicated his article to the AFP. Mr Spire writes the following in particular: "Do not the attacks upon liberties, the interests of the big powers--including the Soviet Union--defended by tanks, do they not constitute, for the intellectuals, and not only for them, a slap in the face in response to which it is important not only to describe the positive aspects of real socialism but, even more so, to point up everything that separates our blueprint of society from what those countries are building?"

Yvonne Quiles on Afghanistan

Paris LE MONDE in French 9 Feb 80 p 7

Article by Yvonne Quiles, PCF member, Paris, 19th District, former editor-in-chief of FRANCE NOUVELLE: "I persist and I shall not sign!"]

[Text] Meeting on 9 and 10 February, the Communist Party's National Council is debating problems concerning the intellectuals, their relations, and their place with and within the Communist Party. As a journalist and a communist, I am thus involved but, once again, I must fall back on this newspaper to express myself. On assignment for the past 3 weeks, my contribution to the discussion forum, which came before this council meeting, was not published in a communist journal.

I will not dwell on this any further. It is not on the content of this contribution that I wish to express myself but rather on the case of conscience which I was confronted with recently as an intellectual and as a communist. This involved the appeal issued by 75 intellectuals, inviting their peers to approve the position of the Communist Party leadership on Afghanistan and to protest, in so doing, against the anti-communist campaign which has developed in the country (L'HUMANITE, 15 January; see also LE MONDE, 16 January).

I then asked myself honestly whether it was not simple, in the eyes of these comrades, to refuse to sign a text presented as a response to the "class adversary." It is difficult to resist an initiative which places you among the "camp of dupes and accomplices" and in the camp of the enemies of the "revolutionaries and the oppressed," if you do not fall in line. Nevertheless, I had to study this issue for a long time in order to decide not to sign this appeal. In the final analysis, I figured out that I was asked to approve--for the sake of denouncing an anti-communist campaign which I condemn--the military intervention of the USSR in Afghanistan which I condemn even more.

I realized that the utilization of the petition, for a party which has means of action approved by its charter in the proper form, a well-established organization with many cells, which promotes "mass action,"

constitutes a dangerous practice to the extent that it permits anybody [passage missing in photostat] to point at those among the intellectuals who are for the Communist Party and those who are against it, because that is the way it works, because this is how a comrade from Bordeaux, whom I ran into by chance, understood it: "So," he said to me, "intellectuals who do not sign are not supposed to be against anti-communist hysteria?"

I had to admit that this form of action is not intended to de-dramatize relations between communists, to repel the tendency toward labelling and cleavages, and that this sort of thing has to be put together solidly in order to beat back such an alternative. I decided that I could not agree to expressing my disavowal of anti-communism by covering up an intellectual fraud. I thus did not sign and I will not sign this appeal.

I realize that I am not alone. The absence in this appeal of a large number of intellectuals who have considerable standing in the Communist Party and elsewhere is at least as significant as the presence of a certain number of others. They likewise--I say so because I know several of them--are against anti-communism, its harmfulness, against the class use to which the establishment puts it. They proved this in their conduct and their practice a thousand times over. Their silence speaks loudly.

For my part, I decided not to fall into the intellectual trap which makes one support everything, regardless of any gradations, which makes one approve everything without reservations, on the pretext of fighting against "a hysterical campaign." If I had been asked, without trying to hurt my conscience, to condemn the kind of anti-communism which is being exploited as a political argument, as an alibi, and as a pretext for diverting attention from the harsh Giscardian reality, then I would not have hesitated. But, in this case, that is not what was involved.

I might add that the "class enemy" by far prefers a "hard" and "pure" Communist Party to an "open" and "conquering" Communist Party. One offers it inestimable gifts every time one makes a uselessly aggressive move and every time one adopts positions supporting that rigid image. I would further add that the inflation of certain words, formulas, or "muscle-bound" concepts, revived after a long eclipse, is neither free, nor is it made to disarm an anti-communism which does not call for all that much. It did not take me long, in my work as a communist journalist, to realize that the political adversary is much more embarrassed by a party which does not stick to its pattern than a party which tries very hard to justify some among them. If this was not understood during and after the 22nd and 23rd congresses, then it should be done right away.

In refusing to sign, I refused, by the same token, to yield to detestable pressure which tries to get me to come up with an amalgam between anti-communism and the condemnation of the military intervention of the USSR in a foreign country. This is a dangerous tie-in. I do not want to be in a position where I have to feel duped by Georges Marchais, who said on RTL [Lyon Radio-Television?] that, if Sakharov had been exiled during his stay in the Soviet Union, he would have refused to sign a joint communique with the CPSU, he would have announced his departure for the next morning, and

he would have made a statement prior to leaving Moscow ("Unexpected Journal of RTL," 26 January; see also LE MONDE, 29 January).

This is strange, just the same. This would be almost equivalent to the famous statement in "Push-Button War" which went something like this: "If I had known, I would not have come!" But what conclusion can one draw from this declaration? What situation does it correspond to? How does the fact that Sakharov was deported several days after the departure of the French delegation modify the warm defense of Soviet intervention in Afghanistan by our Secretary-General who even went so far as to call it "legitimate?" Did he not know, before setting foot in Moscow, that it is not only in Prague that men and women are being imprisoned, deported or interned for their opinions? Should we deduce from this declaration that it makes the ordinary communique outdated--so, then, why continue to circulate petitions to get the Soviet government to stop?--or should we consider that it represents a new quirk without any importance--which is not pleasant for those for whom it is meant?

As a matter of fact, the more we seek to understand, the more complicated the whole thing gets. For example, there has been a veritable turn around in the direction of peaceful coexistence which was expressed by Georges Marchais during the last meeting of the Communist Party's Central Committee. There was no equivalence between the rights of peoples, abundantly cited, and the events in Afghanistan. If peaceful coexistence in effect does not mean a status quo in the class struggle, it nevertheless gives the latter a new framework from which any unilaterally decided military intervention is excluded. It detente, if the class struggle on an international scale, if peaceful coexistence are the red army, then--and I say this in carefully weighing my words--dozens of years of struggle of the peoples are denied and wasted. When the popular forces review the record of their successes and the setbacks they forced upon American, French, or other imperialism, they know very well that they do not owe these achievements to military interventions.

When, in order to support his statement on the necessity of international solidarity which can go "all the way to direct military aid," Georges Marchais makes reference to the failure of the Chilean experience, what is he trying to prove anyway? That this is nothing more than a political setback, just as the Chilean Left itself admitted? That the PCF should revise its analyses? That it would be necessary for the USSR to intervene militarily in Chile? These are points on which he should be clear. Because, when it comes to the peace of the world, one does not play with fire.

In any case, the constant equating in this intervention, between the class struggle and the arms struggle introduces dangerous confusion and boils down in fact to denying the idea of peaceful coexistence. The latter--in my opinion likewise--presupposes the intensification of the class struggle of the peoples but it absolutely does not imply the right of the Soviet Union militarily to intervene in Afghanistan or elsewhere. While firmly rejecting the wild and shameless cries of those who, from New York to Bonn, going through Paris and London, have the nerve to "cry wolf," to

give lessons, to sabotage the Olympic Games in Moscow, I stick to that opinion. Nothing of what was said during the last Communist Party Central Committee meeting, nothing of what was written in L'HUMANITE convinced me that this opinion is not in line with the 23rd Congress.

This is why--even if I were the only one to do so--I will not back up an appeal which, from my viewpoint, violates my conscience as an intellectual and a communist. Having said this--and this is precisely what is so particularly comforting here--I do not feel at all isolated. Listening to others and looking around, I do not get the impression that I am the exclusive proprietress of this approach. I can only find more assurance in repeating: I persist and I shall not sign.

Elleinstein on PCF Policy

Paris LE MONDE in French 12 Feb 80 p 9

[Text] On Sunday, 10 February, speaking on RTL, Mr Jean Elleinstein stated that "Georges Marchais' trip to Moscow, the approval of Soviet intervention in Afghanistan, marked a decisive turning point" in the policy of the Communist Party.

"Between Eurocommunism and ancient communism--that is to say, that old pro-Soviet policy of the communist parties--the leadership of the PCF, I regret to say, has chosen ancient communism," added the communist historian.

Mr Elleinstein feels that "There is a political debate which the PCF leadership wants to prevent, for example," he said, "by refusing to publish, in L'HUMANITE, my contribution to the discussion or the contributions of dozens of other comrades and sometimes even cells." He thinks that "tens of thousands of French communists" like he have chosen the policy of the Italian, Spanish, Belgian, Swedish, Japanese, and Mexican communist parties, that is to say, Eurocommunism, whose "touchstone" is "real independence with respect to the Soviet Union."

Georges Marchais' Concluding Address

Paris LE MONDE in French 12 Feb 80 p 9

[Unattributed article: "Mr Marchais Emphasizes the 'Historical Role' of the Working Class in the Transformation of Society"]

[Text] The speech by Mr Georges Marchais on Sunday, 10 February, at Bobigny (Seine-Saint-Denis), at the end of the PCF National Council meeting devoted to the intellectuals, is a dry reply to the criticisms to which the political line pursued by the Communist Party leadership has been subjected. Taking as his target the journalists--whom he accused of giving the PCF a deliberately false image--Mr Marchais in fact addressed himself to the communists among whom the positions recently adopted by their party caused or reinforced discomfort and uneasiness.

The PCF secretary-general tried to justify his party's attitude on Soviet intervention in Afghanistan which he this time pictured as a "lesson" taught "imperialism" for the sake of the peoples, of detente, and of peace. Among other things he said that the "anti-Communist campaign," denounced by the PCF on this occasion, is proof of the reality of the "ideological warfare" which, according to him, the Right-wing forces are engaging in and in which the socialists participate.

Mr Marchais also emphasized the fact that the policy conducted today by the PCF is in line with the continuity of decisions made by that Party during the time prior to the breakup of the union of the Left--an event for which he once again said that responsibility falls to the socialist leaders. The secretary-general finally declared that the "generally positive" situation estimate on the socialist countries, during the last PCF Congress, has been verified by the progress made by those countries.

Mr Marchais stressed that these points reflect the Party line, as it was spelled out at that congress and the one before it and that the documents stating these points do not lend themselves to any quarrel as to interpretation. For the sake of implementing this line, Mr Jean Elleinstein and Mme Helene Parmelin were not authorized to express themselves in the communist press during the preparations for the National Council meeting. Mr Marchais indicated that in replying, without mentioned them, to the historian who had criticized the attitude of the PCF toward the PS and the lady novelist who had asked that the PCF break off all relations with the Soviet Union.

The firmness displayed by Mr Marchais shows that, as far as the PCF leadership is concerned, there is no longer any question of tolerating different interpretations of its policy, emphasizing one or the other of its aspects while ignoring its counterpart. For example, it is permissible to speak of the inadequacies of democracy in the countries of the East, on the condition, however, of admitting that the "overall record" of those countries is generally positive. The communist leaders do not intend to give the intellectuals room to maneuver in and today they consider those intellectuals to be a bother rather than as a means for seducing others.

Mr Marchais however took special care to respond to the charge of "workerism" made especially by Mr Henri Fiszbin, a former leader of the Paris Federation of the PCF. On that score, the secretary-general stressed the fact that the Communist Party fights against sectarianism which, in 1928, was expressed by the tactic of "class against class," that is to say, the refusal to step back, during the second round of legislative elections, in favor of the Left-wing candidate who was in the best position at the end of the first round. This reminder had only one purpose and that was to do away with any doubts as to what the attitude of the PCF would be if it were to be beaten by the PS during the first round of presidential elections in 1981.

As Mr Guy Hermier had done on Saturday, in his introductory report, Mr Marchais emphasized the fact that the Communist Party is the party of the

working class which must play a "historical role" in the transformation of society and that the intellectuals belonging to it must devote themselves to this transformation which in particular implies that they must renounce the "privileges" that accompany knowledge and culture in present society.

Mr Georges Marchais concluded the work of the PCF National Council on Sunday, 10 February with a speech in which he affirmed that, at this time of "decadence" and "collapse" of the capitalist system, the Communist Party is fighting for "grand human causes," alien to the "archaic policy" which characterizes the "regimes, governments or parties of the past." "Naturally," he added, "the movement of the world raises all the more questions, the more it is marked by novelty, complexity, and diversity. Who could believe that there is an aseptic historical movement--especially on such a scale--without contradictions and without problems?"

Mr Marchais then continued: "We want a world without foreign interference and intervention. This is a principle to which we are unalterably devoted. But imperialism--primarily, American imperialism--keeps stepping up interference and intervention against the peoples who are liberating themselves. And we believe that actions aimed at preventing such interference are legitimate. No exporting of revolution and no importing of counter-revolution; this is the full meaning of the position we adopted on the events in Afghanistan."

Mr Marchais emphasized that "International solidarity is one of the main axes" in the fight of the communists. He declared: "We are sure: After Vietnam, after Cambodia, after Angola, Mozambique, after Nicaragua, the lesson which imperialism is currently learning in Afghanistan is a good thing in the interest of the peoples and in the interest of detente and peace."

Bringing up the "counteroffensive" of imperialism, the PCF secretary-general emphasized its ideological aspects by declaring: "Some comrades a few months ago thought that the term 'ideological warfare' was excessive or simplistic. They can well see for themselves how justified that was in looking at the campaign of anti-communist lies and hatred in which the Right-wing parties, the socialist party, and all of the media, transform into means of intoxication are participating. This campaign is aimed in particular at discrediting socialism by slandering the socialist countries. It is aimed at downgrading the national liberation movement. In capitalist countries, such as France, it is intended to discourage and demobilize the popular movement."

Mr Marchais feels that "the most recent events" support the judgment by the PCF, during its 23rd Congress in May 1979, on the "generally positive record" of the socialist countries, in spite of the "problems" which "have to do with democracy." The secretary-general declared that the "socialist countries are developing and progressing and they are doing so at rhythms and with results that are too often ignored in our countries." According

to Mr Marchais, "the imperialists"--in an attempt to slow down this progress which "frightens them"--are resorting to the arms race, "the classical source of profits made to the detriment of the peoples" through the multinational firms while at the same time constituting "an instrument to force the socialist countries to slow their economic advance down."

"Revolutionary" and "Realistic" Objectives

"What we want, what we are working for, yes, indeed, is of course the revolution," said Mr Marchais. Responding to those who "claim to be astonished" at this assertion, the communist leader explained that "The objectives of profound transformation, of social and human liberation," which his party pursues, are "revolutionary" and "realistic." Mr Marchais then took up the strategy of the PCF, rejecting such terms as "hardening," "alinment," or "isolation," as being "just as many caricatures" of this policy. He declared that the Communist Party never stopped recommending "the democratic road to socialism," which runs through "a series of stubborn struggles, mass struggles, in order increasingly to modify the balance of social and political forces (and to prepare) the democratic expression of the popular will through universal suffrage" (resolution of the 22nd Congress of the PCF, February 1976).

The secretary-general also stressed the fact that the PCF did not abandon Eurocommunism but that, "In spite of all of the dreams of Francois Mitterrand and the Socialist Party, Eurocommunism does not result and cannot result from the search for a third, impossible and unthinkable way between capitalism and socialism." Mr Marchais finally asserted that the PCF line "is the union and will remain the union," while the "splitters" are the socialist leaders "who today are stuck in the deadlock of class collaboration."

The communist leader declared that the intellectuals "have their proper place" in the fight conducted by the PCF and that it is necessary "to win over the largest number" among them "to an alliance whose class content is present: Against the forces of capital; with the working class, the revolutionary class; for socialism." To achieve that, the Communist Party must correct the shortcomings in its activity in this field but, Mr Marchais added, "It must very effectively take into account the criticisms and suggestions although this does not mean concealing the fact that there may be fundamental disagreements in one comrade or another."

Alluding to the contributions of Mr Jean Elleinstein and Mme Helen Parmelin, which were not published in the discussion forum prior to the National Council meeting, in L'HUMANITE and FRANCE NOUVELLE, Mr Marchais declared: "One cannot, in the name of the 22nd and 23rd congresses, charge our Party's policy with 'sectarianism' and 'primary antisocialism.' One cannot, in the name of the 22nd and 23rd congresses, recommend an all around opportunist reconciliation with the social democrats. One cannot do that because those congresses affirmed--as I have just recalled--precisely the contrary: The need for advancing, for conducting the essential debate between the revolutionary line and social democracy, and the need for fighting against class collaboration.

"Nor can one, in the name of the 22nd and 23rd congresses, demand a rupture with the CPSU. One cannot do that because those congresses reviewed the overall record of the socialist countries as being generally positive and showed the need for internationalist solidarity.

"The resolutions adopted by our congress are neither Byzantine, nor equivocal. They must not give rise to endless disputes. The mandate of the Party leadership is to put into effect all decisions deriving from them."

Responding next to criticisms expressed during the discussion forum, Mr Marchais stressed the following: "The charge of workerism deliberately ignores the concrete reality of the political formation as represented by the French Communist Party." The PCF, he said, has fought against anti-patriotism and anticlericalism, as well as "antiparliamentarianism, sectarianism, and leftism ever since the rejection of the 'class against class' tactic and all the way to its current struggle for a new union." Mr Marchais declared that the socialism, for which the PCF intends to work, "will create the conditions for the unprecedented development of the sciences, technology, education, and culture" but there is no "contradiction between this recognition of the rights and needs of the intelligentsia and the recognition of the fundamental theoretical and political fact, that is, the historical role of the working class."

The secretary-general added that intolerance must be fought within the PCF. "It is once again necessary," he said, "not to use the word intolerance in referring to the legitimate concern for upholding the political line adopted by the congress which is law for all communists." In conclusion, Mr Marchais said: "Party members, the communist intellectuals are fully contributing to the elaboration and implementation of the Party's policy; in particular, they have an exalting task to assume: To win the intellectuals over to the new ideas which will advance the revolutionary struggle."

5058
CSO: 3100

FACTORS IN RENEWAL OF PCF'S PRO-SOVIET POLICY DISCUSSED

Paris LE MONDE in French 27-28 Jan 80 pp 1, 12

[Article by Alain Duhamel: "The Strategy of Isolationism"]

[Text] This time the French Communist Party has gone to its winter quarters. In September 1977 it had preferred a break with the left wing coalition to a compromise with the Socialist Party. Now it clamorously approves the Soviet intervention in Afghanistan. Therefore in a striking manner it gives up priority for solidarity with the USSR. The PCF [French Communist Party] has two natural communities, the hexagonal left and the communist international movement. Neither one of these ever excludes the other. But for the past 12 years or so it had seemed to favor the first one more and more. Henceforth it is the second one again which will prevail. After the three great historic events--the freeze of the 30's, the 1939-1941 freeze, the cold war--one wonders if this does not portend a fourth freeze. At any rate, there is one thing which is absolutely certain: the approval of the coup in Kabul, happening after the break with the left wing coalition, which can only mean a back-sliding to a strategy of isolationism. Putting Andre Sakharov under surveillance evidently does not compare with that turning-point. In one case there was a thunderous support of a massive military intervention, in the other, a shaded criticism of an action presented as a simple breakdown in a healthy system. In consciously sacrificing one of its dimensions for the other, the PCF takes the risk of being obliged once again to lock themselves up in their solitary fortress.

The quarantine being accepted, this reversion to the USSR can evidently be interpreted in two extreme fashions. Some see the rapprochement of Georges Marchais and Leonid Brezhnev as a consequence of the left wing coalition break. On the other hand, others discover the real cause of the 1977 disturbances. The latter analyze the end of the unitary period of the PCF as the result of an international decision; others further explain the recovered solidarity with the Soviets as the natural consequence of the impossibility of living on the fringe of two loyalties at the same time. One thesis believes in stoic discipline, the other in voluntary rallying. Perhaps in a few years historians will settle this question.

But in the meantime one can risk an intermediary hypothesis: The Soviets have been pressuring the PCF for a long time, at least since 1977, and without a doubt even before then, if one recalls the symbolic visit of the USSR ambassador to Valery Giscard d'Estaing between the two rounds of the presidential election in 1974.

At first the PCF held fast and continued on its way. It proved to be an exemplary ally in 1974, and in February 1976 its 22d Congress went further than any other French communist congress had ever done, in independence and originality. But afterwards, at a later date, perhaps because once the cantonal and municipal results were committed, the leaders of the PCF were no longer able to, or would not, offer any resistance, and what is most probable is that in this decision, intentional or endured, or partly intentional and partly endured, three factors have played a role.

1. To begin with, the evolution of relations of the left wing forces. Contrary to the hopes of the PCF, contrary to historic precedents, the left wing coalition was in fact more advantageous to Francois Mitterrand's Socialist Party than to Georges Marchais' Communist Party. Under these conditions this affair was becoming more suspect in electoral terms as well as in terms of influence on society as a whole.
2. Second reason. The international economic crisis: The Communist Party is not in a position to explain it in the cleverest and most convincing manner, but without a doubt it is the first French party able to appreciate its importance, its duration and its consequences. It was able to envision the probability of an upset in national and international attitudes, but much greater hope on a universal scale, and lesser illusions on the French scale.
3. Finally the third reason. International political and military disorder has, as was foreseeable, aggravated the economic crisis. Cambodia, Laos, Iran, Salt II difficulties, the polemics on the "cruise" missiles and the Pershing 2, and finally Afghanistan have also helped to strengthen the PCF in its new analysis: the more the situation seems to be relieved to the detriment of the Western camp, the more it gets blocked in Europe and in France. The more the socialist camp scores points on the periphery, the more it is necessary to be prudent in the center in order not to spoil everything. In short, since the beginning of the crisis the PCF has been acting as though it is temporarily transferring its hopes from Western Europe to the Near East, Central Asia and Southeast Asia. It is not an abdication, but a temporary deployment. It becomes urgent to wait in France for the communist movement to improve somewhere else. Under these conditions a victory for the left in Paris would be a blunder. Europe is not mature enough to advance towards socialism. Its turn will come later. It is better, for the sake of solidarity, to be placed in reserve for the revolution.

Holy Bread for the Right Wing

This conceivable analysis is not masochist in any way. It would be difficult to imagine Georges Marchais and his comrades of the Political Bureau subjecting themselves, without good reasons, to the hair shirt and the macerations of their present policy. Because the inconveniences are numerous. The French Communist Party finds itself in the intersection of five circles: universal, in the communist movement; European, with Eurocommunism; national with communism under French colors; left wing with the late coalition; individual with the party itself. However, the line adopted today in fact sacrifices four communities in favor of the fifth. As regards the international communist movement Georges Marchais really deserves their thanks. On the other hand, he has dealt a hard blow to the credibility of the Eurocommunist parties, especially the Italian and Spanish. Alignment, whether it comes from the heart or the mind, based on the Soviet Union's thesis, absolving the recourse to force and to brutal military interference, does not help anyone to believe in the conversion of the Eurocommunist parties to independence, pluralism and alternation. This is holy bread for the European right wing.

On the national scale it is the same disorder. The PCF is patriotic, even nationalistic. It is the first to rejoice for every technological breakthrough. It fights for culture and national specificity; it refuses furiously any transfer of sovereignty. Georges Marchais and the other PCF leaders confidently believe in their tricolor course towards socialism. But they themselves become their own formidable counter-propagandists. In preferring international solidarity to European solidarity and the communist movement to the left wing coalition, the PCF casts suspicion on its intentions. Its foreign policy resembles too closely that of the Soviet Union for it to be pure coincidence. And this ruins many efforts and many effects.

The Role of the Destroyer

On the scale of the left wing it is worse yet. The PCF maintains a daily, systematic and often elementary polemic. This evidently reinforces the executive and the majority. The instinctive solidarity of the unitary fraction of the left wing electorate becomes corroded little by little.

Ultimately, in operating in this manner the PC becomes selfdestabilized. Moreover, it suffices already to check the reactions of the intellectuals, of half of the confederal bureau of the CGT [General Confederation of Labor], of some elects and a few federal cadre. The 1980 communist militants are not those who were in the cold war. They have a more critical outlook and their eyes have better vision. They joined the PC in the good days of the union. They frequently believe in Eurocommunism. They are actually at a loss as to where to turn. The approval of the coup in Kabul, for example, will not simplify the success of the national conference on intellectuals, which will be held next month. It will also not help the launching of the culture and politics weekly REVOLUTION which will appear in the very near future.

Certainly, the PCF knows how to play on the sentiments of solidarity of its members before the concert of censure, criticism and sighs which surround it. It will appear more active than ever in its role of mediator for the poor, the victims of the crisis, the unprotected. It would hope to rely upon a very protestant electorate towards distant international events. In short, the fortress will doubtlessly lose some watchtowers and loopholes, but the main ramparts and the drawbridge will stand firm.

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CSO: 3100

FOREIGN POLICY, DIPLOMATIC OBJECTIVES IN UNITED NATIONS

Paris POLITIQUE ETRANGERE in French No 2, Dec 79 pp 341-345

[Review of a new book by Marie-Claude Smouts: "La France à l'ONU, premiers rôles et second rang," Presse de la Fondation Nationale des Sciences Politiques," 1979, 392 pp]

[Excerpts] French policy in the United Nations, although very revealing of our situation and of our external policy, has never been the subject of a comprehensive work. This gap has just been filled by Marie-Claude Smouts, a researcher at CNRS [National Center for Scientific Research]. Extremely well documented--with abundant bibliographical references and quotations--her book on "La France à l'ONU" ["France in the United Nations"] is a tool of great quality. It offers, as well, a source of useful reflections at a time when French diplomacy is adopting a more active policy of cooperation in relation to the world organization.

Apart from periods of crisis, such as the one provoked by the General Assembly's intervention in the Algerian issue, the United Nations evokes little interest in France. The Organization is not popular in public opinion, which views it as an instrument lacking in effectiveness. This attitude emerges even in the older surveys analyzed by M. C. Smouts.

It is symptomatic to note that, since 1969, no one has considered it worthwhile to undertake a new study. Moreover, it is likely that the reactions of the average Frenchman to the United Nations would not differ perceptibly from those registered 10 or 15 years ago. It is not surprising that the press and the media have since accorded only limited space to the activities of the United Nations. Only the AGENCE FRANCE PRESSE assures extended coverage to the work of the Organization. LE MONDE, too, follows [UN activities], albeit in a more episodic fashion.

The Organization's prestige is not much greater in parliamentary circles. Each year the French delegation to the General Assembly includes deputies and senators. During the session some of them stay in New York, where the Permanent Mission busies itself with integrating them into ongoing work, under the best possible conditions. However, this contribution from

parliament, while not negligible, remains relatively marginal under the circumstances, except for a few individuals who thoroughly develop certain files, as Senator Taittinger has done in matters of disarmament. But it is true that parliamentary control over foreign policy has traditionally been more tenuous than in other areas closer to the concerns of the voters. At any rate, when it feels directly concerned, parliament reacts, and not without vigor. The Mayotte affair is the most recent example of this. Despite this disaffection in public opinion, which it is easy to exploit during periods of tension with the Organization, the French Government from the beginning has paid a great deal of attention to its position in the United Nations. M. C. Smouts retraces in detail the history of our sometimes turbulent relations with the United Nations . . .

How can France play the UN card, and what can she expect from it? Our nation undoubtedly holds some important aces. Her status as a member of the Security Council is, of course, a key element, not so much because it gives the French delegation the right of veto, but because it permits them to conduct a policy of continuity and to be heard in all important instances and debates in the Organization. Criticisms addressed to the structure of the Security Council are not lacking, nor are plans for reforming the composition or functioning of the Council. The "middle" powers are, of course, the first to be targeted. France, on the other hand, does not lack arguments to justify her privileged position: historic experience, nuclear capacity, economic and technological power, a multinational culture. It is also known that reform of the [UN] Charter can be blocked by a single veto. But what would be the value of this last resort in the face of concerted pressure? The best way to preserve a privilege is to use it well and not to abuse it. This implies, in particular, a very prudent use of the veto, the use of which should be avoided as much as possible, especially in isolated instances. It is most often preferable to seek negotiation.

To remain in the first rank also presupposes the commitment of needed resources. Finances are a not inconsiderable means of influence in the United Nations. In terms of her obligatory budgetary contribution France is in fifth place, after the United States, the Soviet Union, the Federal Republic of Germany, and Japan. But it is known that, in the area of voluntary contributions, France, which gives priority to bilateral development aid, is not in such a good position. Efforts have been made to catch up. Periods of austerity notwithstanding, it would be a good thing if, by means of appropriate formulas, we could channel an increased portion of our expenditures for international aid through the system of the United Nations.

M. C. Smouts devotes a section of her book to the French officials in Paris and New York who are charged with implementing our policy in the United Nations. It is sufficient to say that their competence is appreciated and recognized by their peers. Directing the Mission Permanente is one of the foremost functions of the hierarchy at the Quai d'Orsay.

It is entrusted to a high-ranking diplomat. The Mission carries on a dialogue with the directorates of the United Nations and of the International Organizations which, armed with their long experience, politically synthesize the French position on a considerable array of subjects, as well as work out directives. M. C. Smouts regrets the "absence of a personnel policy" for the French employees at the Secretariat. It is true that the member nations are concerned with advantageously placing their nationals in the complex clockwork of the Secretariat. In this area France has encountered certain administrative difficulties, which it should be possible to progressively remedy by the recent introduction of a specialized, high-level examination for recruitment. The tools for a policy exist. But what does it benefit France to remain in the first rank of the world organization, rather than in second place, as the subtitle of M. C. Smouts' book would appear to assume? An active presence in the United Nations permits privileged access to a unique political vantage point. In New York innumerable contacts are forged, developments are traced, maneuvers are initiated.

More concretely, the United Nations provides a point of leverage or relay for our diplomacy. Our involvement in FINUL, however delicate that operation may have been, gave us the possibility of playing a direct role in the Middle East, both sought by us and expected by the Lebanese. Our participation in the initiative by the Five on Namibia extends, within a multilateral framework, the policy of openness toward Africa undertaken by Louis de Guiringaud. On the other hand, if France pursues her objectives at the United Nations, she cannot, in turn, completely withdraw from the latter's influence. The outcry registered in New York over the Mayotte affair is not unrelated to the adoption by the French Parliament of a specific status for the island, leaving the door open for evolutionary developments which, in any case, there is no need to precipitate. Under pressure from the General Assembly our policy towards South Africa was clearly modified, from the vote in the Security Council on the mandatory arms embargo in November 1977, to the recent ban on the French tour of the South African rugby team. At the same time, however, the French government, together with its Western partners in the Security Council, refuses to participate in the economic boycott of Pretoria, which includes the area of civilian nuclear technology, because of the interests at stake, but also in order to avoid increasing tensions by a move which might produce effects contrary to the desired goals, i.e., the disappearance of apartheid and the progressive transformation of South African society.

Finally, the United Nations offers a framework suited to more global activities. At the moment when Cuba is seeking to shift the movement of the nonaligned nations towards the socialist camp, her "natural ally," France, enjoying strong friendships in the Third World, is in a good position to make the dangers of disastrous confrontation felt which lie hidden in this sweeping maneuver.

Initiatives for a better economic dialogue, like propositions regarding disarmament, testify to a more comprehensive approach to relations with the developing countries. Here is a design of great significance, which France can carry out in concert with her partners in the European Economic Community. On economic questions, but also within the framework of their "political cooperation," the Nine are already making themselves heard more and more in the General Assembly--although this does not mean that there are not certain difficulties in reconciling points of view. Still, the European dimension of our activities in the United Nations, which M. C. Smouts only alludes to in her conclusion, is a reality which demands to be developed, without, however, diminishing our own responsibilities.

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CSO: 3100

GISCARD ASKS BOURGES NOT TO CUT PARATROOP REGIMENTS

Paris LE MONDE in French 26 Jan 80 p 13

[Article: "Mr Giscard d'Estaing Asks Yvon Bourges Not To Bring Down the Number of Paratroop Regiments"]

[Text] The Presidency of the Republic announced that on Thursday 24 January that President Giscard d'Estaing had urged that the Minister of Defense Yvon Bourges "take all necessary dispositions so as to avoid bringing down the number of paratroop regiments of the Land Army, thus conserving the availability of this important instrument of French defense." The Elysee has refused to elaborate further.

Despite the laconic official position, one can conjecture that the Elysee communique has to do with the current reorganization of the 11th Paratroop Division which foresees the creation of a professional force group and the alleviation of this big unit--which contains some 15,000 persons--by at least one regiment of young draftees in the division (LE MONDE, 16 November 1979).

The 11th Paratroop Division today has one professional airborne group (GAP) and three draftees paratroop regiments, accompanied by organic forces (helicopters, signal, engineering) required by the command. The GAP is composed of three professional regiments (the 8th RIPMa at Castres, the 3d RIP Ma at Carcassonne and the 2d REP at Calvi) whereas the 1st RCP at Pau, the 9th RCP at Toulouse and the 6th RIPMa at Mont-de-Marsan are made up of draftees called through the national draft. For intelligence missions behind the enemy lines, there are two other paratroop regiments in France (the 1st RPI Ma at Bayonne and the 13th RDP at Dieuze, in Moselle), which do not directly belong to the command of the 11th Paratroop Division but belong to the Armed Forces Staff.

The project of the Minister of Defense and of the Land Army Staff was to eliminate one of the three regiments of draftees (the 1st RCP at Pau) and to give its banner to the 9th RCP. At a second stage, the 9th RCP would be dissolved as well, it would leave its quarters in Toulouse and reappear, together with the banner and traditions of the 1st RCP, and under this last designation, at Pamiers in the Ariege.

This reform project is explained in the various staffs by the necessity of restructuring the entire Land Army into 15 big divisions which would be more homogeneous and to save on administrative expenses in order to benefit the acquisition of equipment. This is the reason why, together with other divisions, the 11th Paratroop Division has been reorganized with the indirect approval of Parliament which had accepted as far back as 1976, during the vote on the military programming law for 1977-1982, a total cutdown of 20,000 men in the numbers of draftees.

As soon as it was bruited out, this reform of the 11th Paratroop Division was sharply criticized in military circles (LE MONDE, 27 December 1979, 6 and 7 January 1980) who are disquieted by the consequences of such reform on the state of operational availability in long term of paratroop forces in France. The disappearance of a draftee regiment was diversely received in Pau where the Left coalition municipal government is headed by Mr Labarrere, a socialist deputy, which would only keep on its territory the Airborne Troop School, one element of command of the 11th Paratroop Division, and in the near future the training center for young paratroops in Montauban.

In more general fashion, it is a fact that the 11th Paratroop Division, which is called on the initiative of the head of state to participate in many operations of intervention and in overseas presence, clearly risks to be thrown off balance with this schism among professional units, reinforced units, and dwindled draftee units. The reinforcement of active regiments is linked to the fact that no draftee paratroop--who is not a volunteer--can be sent abroad for an overseas operation without the say of Parliament.

It can be conjectured that President Giscard d'Estaing, who has already shown that he expected a great deal from the 11th Paratroop Division as far as effectiveness is concerned, has been sensitive to the argument that there should not be any diminution in the number of base regiments of this division. On Thursday 24 January, the minister of defense has asked the staff of the Land Army to bring out a new study of the question. New decisions will be taken and announced when the conclusions of this study will be available.

1751
CSO: 3100

FUTURE OF 11TH PARATROOP DIVISION UNIT UNCERTAIN

Paris LE MONDE in French 26 Jan 80 p 13

[Article by L.P.: "Satisfaction in Toulouse"]

[Text] The 11th Paratroop Division, commanded by General Lemaire, has marked with satisfaction the communique coming from the Presidency of the Republic. Asked several months ago by the journalists during his travel to Pamiers for the opening of the works on the future quarters of the 9th RCP, Minister of Defense Yvon Bourges did not clearly pronounce himself on the fate of this paratroop unit in the division, presently stationed in the Niel barracks in Toulouse. It was only later that the question came up as to the dismantling of this paratroop fighter unit so that the cadres could be amalgamated with those of the 1st RCP at Pau, which would be then transferred to the Ariege.

If the division's staff and those of the regiments kept totally quiet in hiding behind the communique of the Elysee, on the contrary many paratroop officers remarked with satisfaction that it is no longer question of the reduction in the number of draftee regiments in the 11th Paratroop Division. But "in the Army, we have taken to the habit of being cautious," they added. "Let us wait and see what comes as to the work of the commission which may take several months."

1751
CSO: 3100

PARATROOP DIVISION TO KEEP DRAFTEES, SAYS LAGARDE

Paris LE MONDE in French 1 Feb 80 p 19

[Article by Leo Palacio: "The 11th Paratroop Division Keeps Its Three Draftee Regiments, Says General Lagarde"]

[Text] As he came to inaugurate on Wednesday, 30 January, at Francazal in the big suburb of Toulouse, the new installations of the mobile airborne operational base (BOMAP) of the 11th Paratroop Division, Gen Jean Lagarde, chief of staff of the Land Army, declared that this great unit which contains all the airborne forces in the big southwest of France and Corsica would keep all its infantry regiments made up of draftees: the 1st RCP [Paratroop Fighter Regiment], the 9th RCP, and the 6th RPIMa.* Recently (LE MONDE 26 January), the Presidency of the Republic had urged the Minister of Defense Yvon Bourges "to take the necessary steps to avoid bringing down the number of paratroop regiments of the Land Army."

The first semiofficial news concerning the dissolution of the 9th RCP and the sending of one part of its cadres to join the 1st RCP had circulated not long after the visit of the Minister of Defense at Pamiers (Ariege) where he attended the beginning of the works intended for future stationing of an airborne infantry regiment.

Gen Lagarde was categorical: the 11th DP [Paratroop Division] keeps intact the structures which it had received last summer after the dissolution of its two brigades (Auch and Pau) and of its command and support battalions (the 420th and 425th) attached to them. Gen Lamaire, commander of the 11th DP and the 44th territorial military division, has at his disposition division-size paratroop operational elements: the 1st hussar regiment at Tarbes, the 17th engineering regiment at Montauban, the 35th (?) regiment at Montauban, the 35th command and support regiment at Toulouse, the 1st marine infantry regiment at Bayonne, the 5th helicopter fighter regiment at Pau, the 5th Light Plane Group of the Land Army at Pau and the MOMAR which is going to be definitively installed at Francazal.

*The RCP's are paratroop fighter regiments; the RPIMa is a marine infantry paratroop regiment.

The BOMAP specialists have the mission of guaranteeing the technical support of airborne operations through the landing of personnel and their weapons and materials. They are the ones to insure the necessary airborne supplies to units already dropped and the training of regiments in the division as well as of those assimilated groups.

The professional airborne group (GAP) commanded by Gen Guichard at Albi is a special element of the 11th Paratroop Division. Working around a staff served by the 1st Command and Support Paratroop Battalion, GAP in effect is a grouping of the three infantry regiments made up of volunteers in the division: the 2nd Foreign-Born Paratroop Regiment (at Calvi), the 3d RPIMa (at Carcassonne) and the 8th RPIMa (at Castres), while the three other regiments which are non "professional" are made up of draftees: the 1st RCP (Pau), the 9th RCP (Toulouse) and the 6th RPIMa (Mont-de-Marsan), and are not attached to any group.

Gen Lagarde has confirmed the news that the 9th RCP would leave its Niel quarters at Toulouse and go to its new quarters at Pamiers next summer and that the 1st RCP would remain stationed at Pau. He added that the command has found it neither appropriate nor useful to modify the present physiognomy of the 11th Paratroop Division in the context of the present international situation.

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CSO: 3100

ARMY, NAVY, AIR FORCE PROMOTIONS, REASSIGNMENTS

Paris LE MONDE in French 1 Feb 80 p 19

[Article: "General Lacaze Receives His Fourth Star"]

[Text] Upon the recommendation of Minister of Defense Yvon Bourges, the Council of Ministers on Wednesday, 30 January approved the following promotions and nominations:

--Land. Is raised to the rank and appellation of lieutenant general, the Maj Gen Jeannou Lacaze.

[Insert in text: "Born on 11 February 1924 in Hue (Vietnam), Jeannou Lacaze, after having belonged in the FFI. Independent French Forces at the end of the last world war, graduated from Saint-Cyr in the infantry. He served mostly in the Far East and in Africa in the Foreign Legion. In 1967 he commanded the 2nd Foreign-Born Paratroop Regiment which was in part engaged in Chad. From 1971 to 1976 he occupied the important functions of Director of Intelligence at the External Documentation and Counterespionage Service (SDECE). At this post he was to become the first officer in the French secret services to ever receive a general officer's stars. He then commanded the 11th Paratroop Division and is at the present time Infantry Inspector."]

Are promoted to Maj Gen, the Brigadier Gen Andre Faverdin; to Brigadier Gen, Col Jean-Louis Brette.

Is named Overseas Armed Forces Inspector and Marine Inspector, Maj Gen Georges Maldan.

--Navy. Are raised to the rank and appellation of Vice Admiral, the Rear Adm Claude Pieri and the Rear Adm Bernard Franchet who is also named Government advisor for defense matters.

Are promoted to vice admiral, the Rear Adm Christian Brac de la Perriere; to rear admiral, Commodore Olivier de Veyrac and Commodore Andre Bourgeois who is also named major general of the port of Cherbourg and deputy to the naval prefect of Naval Region I; to Second Class General Commissary, the First Class Commissary in Chief Claude Langlois who is also named service chief for general commodities at the National Naval Commissary.

--Air. Are named commander of Air Region III (at Bordeaux), Maj Gen Jean Rajau; Commander of the Air Force Technical School, Brigadier Gen Gilbert Gagneux; Special Detail to the Chief of Staff, Air Army, Brigadier Gen Paul Baujard; Commander of the 2nd Tactical Air Command, Brigadier Gen Roland Mentre.

Is put at the disposition of the chief of staff, Air Army, Air Force Lt Gen Henri Atlan.

--Health Service. Are promoted general surgeon inspector, the general surgeon, Head Surgeon of Outclass Services, Andre Joulin; General Surgeon Inspector, the General Surgeon, Head Surgeon of Outclass Services, Jean-Andre Bereni, who is also named director of health services, 24th Army Corps and French Forces stationed in Germany; General Surgeons, the two head surgeons of regular class health services Jean Colin and Albert Gros.

Are named Inspector, Health Service of the Land Army, the General Surgeon Inspector Jean-Jacques Desangles; Director of the Application School of the Health Service of the Land Army, the Surgeon Gen Pierre Lefebvre.

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CSO: 3100

COUNTRY SECTION

FRANCE

PCF DEPUTY URGES RECOGNITION OF HENG SAMRIN REGIME

LD111439 Paris L'HUMANITE in French 5 Mar 80 p 9 LD

[Unattributed report: "Murderers Are Among Us!"]

[Text] "It is unacceptable that the French Government has still not established diplomatic relations with the People's Republic of Kampuchea," PCF Deputy Robert Montdargent emphasized in a written question to the foreign minister.

Having noted this country's rebirth and the representative nature of the Heng Samrin government, the PCF deputy protested that "our country has not spoken out against the presence in the United Nations of the representatives of Pol Pot, the butcher of the Kampuchean people. Still worse," he stated, "France welcomes several of this bloody regime's representatives to its soil."

The PCF deputy observed that the presence in France of the Khmer Rouge's "health and education ministers" was a "veritable insult to the Kampuchean and French peoples."

Robert Montdargent asked the foreign minister "to state as soon as possible when the French Government expects to recognize the Kampuchean Government and to work for representation of the people of Kampuchea in the United Nations by Heng Samrin's government."

CSO: 3100

ECONOMY MINISTER MONORY GRANTS EXCLUSIVE INTERVIEW

Paris LE MONDE ARABE in French Jan 80 pp 22-27

[Article: "Arab Capital Takes the Road to Paris"]

[Text] In an exclusive interview granted to LE MONDE ARABE ECONOMIQUE, the French economy minister, Rene Monory, seemed optimistic on the future of the Arab world and the cooperation between Europe in general and France in particular on the one hand, and the Arab countries on the other. In his opinion the Arab nation will be, in the space of one generation, that is from 25 to 30 years, if not the first, at least one of the first among the Third World nations, to attain a high level of development.

On the other hand he appeared somewhat anxious in regard to the price of oil. In his opinion, the Western economies find themselves, at the present time, in a very fragile situation; they will be unable to endure a new brutal increase in the price of oil. This is also true for the economies of the poor countries.

He was kind enough to reply to our questions:

[Question] During the meeting of the General Assembly of IMF [International Monetary Fund] and the World Bank, which you attended in Belgrade, the American secretary of the treasury, William Miller, considered that in substance, the confusion in the international monetary markets is a cause for concern only in the relation between the dollar and the Deutsche mark. What do you think about this?

[Answer] It is true that confusion in the international monetary markets was especially evident in recent weeks in the Deutsche mark-dollar relation. It is relevant to mention that very active trends have also been observed in gold and metal markets, and generally speaking in raw material markets. However, what should be pointed out is the fact that this recent confusion is only a new episode in a long series of difficulties which since the beginning of 1970 have overtaken the international monetary system and the dollar. Unfortunately, they extend far beyond the simple dollar-Deutsche mark relation.

This disarray in the international markets, of which the numerous variations of the dollar vis-a-vis many important currencies are the most visible sign, has many origins. The excessive development of international "liquid assets" principally in the form of dollars, is especially deplorable. The problem in the adjustment of the balance of payments between some countries (United States, Germany and Japan) should also be noted. And last of all, recently the high rate of inflation in the United States contributed to reinforcing the instability of the dollar and consequently in the international monetary system.

The dollar continuing to be the principal currency of the system, its stability is an essential element in the development of international exchanges between all the countries. This implies that the United States must continue its efforts to re-equilibrate its balance of payments and its struggle against inflation. This also implies that the effort to coordinate the views and the economic policies on a world-wide scale must be pursued. In this connection, the meetings of the interim committee and the International Monetary Fund assembly in Belgrade were useful. In the long run it will be advisable that the efforts of the international community to stabilize the monetary system should be increased. France, who on the European regional scale, participates in a stable monetary zone, supports, in principle, any initiative in that direction. Development of special "drawing rights," the establishment of a substitution account are today the axes of positive research.

[Question] At this time when the economic crisis seems to be settling in, even becoming intensified in the framework of inflation, monetary instability and unemployment in many of the industrialized countries, the Third World, whose situation is becoming more dramatic, is raising its voice, demanding the setting up of a new more equitable international economic order, an order which does not seem to be ready to see the light. Could you define the French position in this connection?

[Answer] France has always shown particular interest in the problems of development. On a parallel with a substantial effort in the matter of aid, it has been traditionally active in the promotion of dialogues and concerted efforts on an international plane. Today this policy finds additional justification in the engrossing evolution of the world wide economic situation.

The under-developed countries are, in effect, confronted, after the increase in their oil invoices, with new difficulties in their balance of payment deficits. They are waiting for an additional effort on the part of the developed countries at the very time when the latter are facing acute problems which make this effort much more difficult.

More than ever France feels it necessary to pursue its traditional policy. In the matter of aid, the importance of an increase in public aid contributed by all the rich countries, destined particularly for the poor countries, is underlined. In addition, France reaffirms its adherence to the pursuit of a dialogue based on a clear consciousness of the interdependence which exists among all as well as the recognition of the constraints and responsibilities which weigh upon everyone.

[Question] For some time now the North-South dialogue has found itself in an impasse. Does France, promoter of this dialogue, plan new initiatives or concrete proposals to help keep it from being bogged down? If so, what are they?

[Answer] In my opinion it is exaggerated to call this an impasse. The year 1979 was marked by the fifth UNCTAD [United Nations Conference on Trade and Development] at which time significant progress was registered in domains as important as the question of aid for development. Coming after the agreements on the fundamental elements of the Common Funds for raw material, this progress permitted us to consider that the North-South dialogue had shown real advancement.

Nevertheless some found the results disappointing. Without sharing this pessimism it is fitting to examine the methods of this North-South dialogue and to seek some means which would give it a new impetus.

We feel that it is desirable to treat our approach in a more empirical manner. In the future we must endeavor to identify the subjects where improvement seems possible and concentrate our efforts there, not forgetting that the dialogue can take various forms. A proposal for a new North-South conference has just been issued, and we are studying it very carefully. The main objective in our opinion is for this dialogue to be effective and capable of opening a new channel for real appreciable concrete progress. On its part France will continue to make its contribution.

[Question] What are the French concrete proposals in the Euro-Arab dialogue, which, up to date, have not had any tangible results?

[Answer] As you know, France was one of the principal initiators of the Euro-Arab dialogue, to the organization of which it so broadly contributed. It played a preponderant role in requesting, without success, however, that the object of the discussions embrace at the same time, the political and economic aspects of the questions to be examined. France always considered that the substantial progress achieved in the international economic organization was due to the concerted action between the various partners.

Although the work which had been started in this instance was interrupted temporarily, France keenly wishes that it could be resumed as quickly as possible on broader bases. In this connection it hopes firmly that the efforts made in order to contribute to the promotion of a general agreement in the domain of guarantees and protection of reciprocal investments between European and Arab countries, should materialize in the near future. It would then be possible for France to propose to its Arab partners, in agreement with the other member states of the EEC [European Economic Community], numerous projects of cooperation which would go beyond the first diagrams of common intervention in economic and commercial matters submitted at various times of the dialogue in the past 2 years, and which had never gone beyond, up to this time, the level of "feasibility" studies.

[Question] In a more specific field, the field of oil. Does the dialogue which is taking form on the horizon between the Gulf countries only and the EEC have more chance to succeed than a broader dialogue between the consumer countries and producing countries?

[Answer] The recent and brutal increase in crude oil prices was accompanied by new initiatives to renew some forms of dialogue between the producing and consumer countries. France has thus accepted Kuwait's proposal to organize a meeting before the end of 1979 regrouping the EEC member states and the Gulf countries. Many problems are at present suspended on the part of our Arab partners; they deal with the participation of some producing countries in the meeting and on the nature of the problems which will be taken up at the time of the dialogue. The seven oil ministers of the Gulf states have just met in Taif in Saudi Arabia, on this subject. They decided to establish a work group charged with studying the various aspects of this dialogue in the economic and financial domain. The first meeting of the experts will take place in Kuwait on 15 October. A new meeting of the countries concerned is scheduled for the month of November to continue the exchange of views on this subject. It is only after this that the so-called dialogue will be able to get started. In spite of this uncertainty it seems that this new dialogue should deal at first with energetics, taking into account the needs of the Community and the legitimate interests of the Arab countries; it is not out of the question that it could ulteriorly be broadened, particularly in the financial domain. Most of the participants in other fields of cooperation are more or less in agreement to consider that one of the keys to the success of this new dialogue is that it should concentrate on one or many precise subjects.

I wish to remind you that the nine EEC member countries have just come to an agreement on the objectives by country to limit the importation of crude oil, in the framework of a global ceiling of 472 million tons for 1985 agreed upon in the Tokyo summit in June. This is a decision which should allow the dialogue to start off under good conditions.

[Question] Many French and Arab observers feel that economic cooperation between France and the Arab countries is not abreast of their political entente. What do you think about this?

[Answer] The political entente between France and the Arab states is well known. It has not ceased improving in the last few years.

Taking this entente into account, it is certain that economic cooperation under its most diverse forms could progress more rapidly. Whether commercial exchanges, which increased rapidly, are concerned, or French participation in equipping the Arab countries (especially in the framework of important contracts bearing on an integrated industrial assemblage), or again in exchange of services in the fields of transports, insurance or study and development of financial projects, France's position is not on the level of what the state of our political relations could lead us to believe. This is

no doubt somewhat in the nature of things: economic relations do not evolve in the same rhythm as political relations. But we must not be satisfied with this frame of mind. Important advances have already been realized; we ourselves are conducting, in the domains which interest us, a continuous development action in financial relations by establishing regular connected procedures and exchange of information; on its part, the French financial world is establishing increasing relations with the financial Arab markets, whether it concerns the implantation of French banks in the Gulf states or in Arab banks in Paris, or still further in the increasing interest of our enterprises in Gulf financial markets. I remind you in this connection that the French government has guaranteed an issue by the Central Office of Economic Cooperation, payable in Kuwaiti dinars. This is what contributes to tightening our bonds. Two large French banks (BNP [Bank of Paris] and Credit Lyonnais) have made contact with this market.

Please allow me to go further: the present evolution makes increased financial cooperation necessary between France and the Gulf states. An important part of the oil revenues from the latter is noted in U.S. dollars. The increasing concern of diversification which they are manifesting in the use of this money, which will no doubt increase rapidly during the course of this year, which emanates from an elementary preoccupation with the distribution of the risks, can only make them turn to us, and I can tell you that this movement has already started. We must grasp this occasion and proceed with cooperative actions profitable for all, in France as well as for our neighboring countries. This is one of our immediate concerns and I am working on its progress in this domain.

[Question] The problem of transferring technology is one of the major problems which concern all the under-developed countries today, particularly the Arab world. In cyclically restructuring its production tool for reasons of technological obsolescence and evident innovations, is France ready to take into consideration, especially at this critical time, the needs of the under-developed countries, especially those of the Arab world, its first partner, by facilitating the transfer of technology capable of giving an impetus to its exports?

[Answer] The problems of the transfer of technology have preoccupied France for a long time, since we are aware that they constitute one of the essential keys of the control of their development by the insufficiently industrialized countries.

Thus, France has always made an effort to promote, whenever it was able to, not only any activities which could be used to transmit to the buyers of their goods and equipment the knowledge necessary for their proper maintenance and sensible usage, but also to offer to the population of the countries with whom she has privileged relations, a level of training which would permit them to integrate technical progress in their daily environment. This is the meaning of the important effort of technical cooperation engaged in by our country.

Although this collaboration has been developed particularly during the last decade due to the ties of that continent with France over a period of many years, we have also for several years, when the occasion presented itself, opened our potential of technological knowledge freely to our Arab partners, first at the time of the establishment of particular high intensity technological industrial implantation projects (exploitation of classical or new energy sources and especially in the development of natural sites) and in addition in the area of cultural, scientific and technical cooperation. The actions taken in connection with the latter form of assistance, although still on a very modest level, seem to be developing more and more.

Undoubtedly the interest as well as the friendly relations which tie France to the Arab countries will compel, in the next few years, an intensification of the technological transfers from France to those countries. Moreover, the theme of technological transfer is one of the axis for reflection in the Euro-Arab dialogue.

[Question] Are the exchanges of economic information between France and the Arab countries suffering from chronic inefficiency?

[Answer] The exchange of economic information between France and the Arab countries is in fact on a very modest level, as they are not institutionalized.

At the moment they are only a form of reciprocal communication in the form of "information days," organized in France by the Franco-Arab Chamber of Commerce, and in the Arab countries by the local chambers of commerce. Additional information is obtained by industrialists and business people during business trips, without prejudice to any information of an official nature obtained by accredited diplomatic representatives.

On its part, France considers that economic and financial cooperation with the Arab countries can actually be reinforced only by means of better reciprocal knowledge of the conjunctural basic data and information of the countries concerned. Consequently, it is ready to study, with its partners, a system permitting a widespread, precise and easily accessible exchange of information in a framework, which if not institutionalized, is at least organized with the participation of the public powers of the interested states.

7993
CSO: 3100

NEW HYDROELECTRIC PLANTS PLANNED

Athens O OIKONOMIKOS TAKHYDROMOS in Greek 17 Jan 80 pp 39,40

[Text] By 1983, the total power of hydroelectric plants will reach 2,193,000 megawatts after three new hydroelectric plants--Pournari (on the Arakhthos River), Sfikia-Asomata and Polyfyton (on the Aliakmon river)--begin operations. At the same time, between 1955-2000, Greece's total economically exploitable hydrodynamics, around 1.5 billion KWH a year, will be exploited by DEI [Public Power Corporation] with its own scientific potential!

In the frameworks of a more general government orientation, the DEI services studying hydroelectric works have already drawn up, for the most intensive effort to exploit domestic energy sources, a program to construct hydroelectric works which will be carried out between 1979-1990 at an intensive rate.

Adoption of this long-term program, which provides for addition, by 1990, of twelve large hydroelectric operations with 27 units, total power 2,750 MW (including the Pournari plant, 300 MW, and the Sfikia-Asomata plant, 423 MW, which are under construction), will be based on Greek scientific potential and Greek construction firms.

It is noteworthy that DEI services, after research, recorded Greece's total technically exploitable hydrodynamics so that exploitation could become possible between 1955-2000. This serious effort, it is stressed, was realized thanks to the DEI branch studying hydroelectric works which is actually a versatile and creative nucleus of scientific-technical personnel in the operation's whole research mechanism. At the same time, in cooperation with other services, they drew up the aforementioned program for construction of large and medium-sized hydroelectric works in various areas of Greece, with exploitation of large and small rivers.

The Operations

These works, which will include a total of 19 power-generating units, will begin to be constructed in stages after 1980. Aside from the Pournari and Sfikia-Asomata plants, there will be bidding in 1980 in the Stratos, Akarnania, area for construction of two 75 MW units and in Pigai, in western Greece, of two 150 MW units; for these, the potential of the Akhelous and Aeos rivers, correspondingly, will be exploited.

The remaining seven operations, which will include a total of 14 hydroelectric units, will be introduced successively into the DEI system from 1985 to 1990.

More specifically, these hydroelectric operations, with a total strength of approximately 1,800 MW, are: Avlaki (in Akarnania, on the Akhelous river); Sykia (Akarnania, on the Akhelous river); Mesokhora (on the Akhelous river); Thisavros (on the Nestos river); Glystras (on the Akhelous river); Kalaoutika (on the Arakhthos river); and Gionas.

In addition, the DEI research services are studying or are about to study the possibilities of exploiting Greece's other rivers: Aliakmon—further exploitation in the areas of Malokhi, Ilarion, Palialona, Elafi, Venetikos and Trikomou; Pinios—in the areas of Mouzakion and Krya Vrysi; Evinos; Kalamas (four hydroelectric operations), etc.; and Sarandapotamos (three hydroelectric operations), etc.

Many of the DEI hydroelectric works under construction or about to be constructed are multiply suitable and will be combined with irrigation works in areas located such that there can be exploitation of huge extensions of agricultural land; many of these will be oriented to model and productive cultivations.

Their Prospects

This initiative of DEI and the prospects which this opens up for the exploitation of domestic energy sources acquire greater significance today when, as is known, we are passing through a period of critical restriction of energy sources and the need to save energy on a worldwide scale is imperative.

The government has already shown an intense interest in maintaining the energy potential and developing exploitation of the hydroelectric potential which, it is noted, the government sees as one of the means of confronting the energy problem.

Certainly, it is stressed, in the past certain changes have occurred in the structure of producing energy, but the present situation is difficult and has been created in such a short period that the time remaining is considered completely insufficient for the problems created to be solved.

Precisely for this reason, there is enormous interest in the conclusions of the DEI qualified services related to prospects presented by the hydroelectric works in Greece and problems arising after successive petroleum price hikes.

Thus, relative to the new prospects arising from imposed re-evaluation of available hydroelectric potential and the technique and planning of hydroelectric works which must be applied today, it is concluded that:

1. It appears that the economically exploitable hydroelectric potential has increased since 1973, but not as much as had been anticipated after the abrupt increase in petroleum prices.
2. The development of hydroelectric potential is facing not only economic problems but also environmental protection problems. Geographic features (topography, abundance of interesting sites, etc.) and economic features (available capital, interest rates, charges for infrastructure works, etc.), as well as special conditions for each operation, necessitate examination of each case separately, without a generalization of conclusions being possible.
3. Exploitation of the hydroelectric potential provides the possibility of storing energy by pumping. Other storage means can be utilized in the future when other energy-producing sources (the sun, wind, etc.) are used.
4. The economic advisability for pumping and storing must be examined over a long period of time, given the operation's long life, and one must also have suspicions about the development of energy demands if he is going to decide on the built-in capacity of the plant.
5. Storage by pumping runs the risk of competition in about 50 years from other energy storage methods. Alteration of existing operations in order to increase built-in capacity is what is occurring in very many cases. The political and social advantage of small operations must be examined so a decision can be made about construction.
6. Multipurpose hydroelectric works and their effect on the environment must be examined within a framework of saving

energy and water and, even more broadly, within a framework of healthy development of people. Environmental requirements create additional expenses which vary in each case (roughly, from 10 to 50 percent of the basic cost of the work). In most cases, environmental obligations cannot be designated with simple singly-significant instructions. General instructions can be worked out with a goal of consolidating the conclusions of experience and can be the foundation of a long-term policy.

The criteria "economy and environment" must not be considered decisive because the two must be one part of a spherical theorem whose goal is the greatest possible social benefit.

7. The best development of conveying through pumping remains an issue open for the near future. Probably an examination of the problem on an international level would give a clearer picture.

8. A very interesting operation still has to be verified. It relates to the functioning of models so that new parameters can be taken under supposition.

9. From the systems and anticipated problems, which necessarily lead to specific models for specific problems and works, it appears that the preparation of these models can be included in the beginning in a related general methodological framework.

10. The diversity in rainfall conditions in neighboring countries would make particularly welcome each seasonal supplementary storage which can occur through pumping. This certainly presupposes an exchange of information on an international level.

9247
CSO: 4908

NEW POWER PLANTS TO EASE ENERGY PROGRAM

Athens O OIKONOMIKOS TAKHYDROMOS in Greek 7 Feb 80 p 30

Text Lignite is already taking first place in the effort to structure an electrical economy dependent basically on domestic primary sources of energy, while at the same time the progressive utilization of hydroelectric power from our rivers will steadily contribute to the increase of electric energy production.

In the context of the effort to broaden the country's energy potential, the development policy featured in our electrical economy is characterized by its basic objective to develop and utilize the domestic energy resources, thus promoting on a long-range basis an autonomous increase in the production of electricity, independent more or less from the crises in the international oil market.

More specifically, during the decade between 1979 and 1988, based on the needs of the Greek economy in the supply of electricity as they are expected to shape up in this 10-year period, the Public Power Corporation /DEI/ is moving toward the implementation of a long-range energy plan designed to broaden the existing capacity of the National Power Grid either through the installation of new power units in existing power plants, or through the installation of new power plants relying exclusively on lignite and the river hydroelectric potential.

More specifically, on the projection that the average increase in the demand for electricity will go up progressively until 1983 by 9.2 percent per year, and by 7.8 percent between 1983 and 1988, DEI plans for a total power output expected to reach 29,200 million KWH by 1983 and 42,500 million KWH by 1988.

New Lignite-Fueled Power Plants

Having as its target a rapid-rate development of lignite-fueled power production, DEI's energy plan, as recently revised, provides for the period until the end of 1988 for the induction into the National Power Grid of 12 new lignite-fueled plants with a total capacity of 3,600 MW, with an annual output of more than 24 billion KWH.

It should also be noted that these plants, each with a 300 MW capacity, are considered as the most powerful for the utilization of low-yield fuels such as the Greek lignites.

The first of these new lignite-fueled units will be in operation in 1980 and the last in 1988. Specifically:

- a. In 1980, a third lignite-fueled unit is planned to be in operation at the Kardia Plant and a fourth unit in 1981.
- b. In 1982, the first unit will be in operation at the lignite-fueled plant of Agios Dimitrios, while second and third units will be in operation the following year. A fourth unit will be in operation in 1984 and a fifth unit in 1987.
- c. Two units will be in operation in 1984 and 1985, respectively, at the lignite-fueled plant of Amyndaion.
- d. A fourth unit will be added to the lignite-fueled plant of Megalopolis in 1985.
- e. Finally, two lignite-fueled units having 300MW capacity--the same as the other units--will be established in the lignite-fueled plant of Komminon in 1987 and 1988.

Oil-Fueled Plants

In the context of its energy planning, DEI found it necessary, in order to meet the Grid's immediate needs, to use on a limited scale units using oil with a total capacity of 528 MW.

Thus, in the period 1979-1980, six air-turbine units with a capacity of 228 MW will be put in service. Later, in 1981, a third oil-fueled unit with 300 MW capacity will be installed in the Lavrion steam-electric station.

It must be noted, however, that after 1983 the contribution of oil-fueled plants in the production of electricity is considerably reduced. In this regard, the role of the air-turbines and the Lavrion units will be to replace after 4 years older oil-fueled units operating in other stations of the DEI network.

New Hydroelectric Units

Looking forward to a further expansion of the country's hydroelectric potential for the production of electricity in the next decade, DEI is planning to construct new hydroelectric stations which will be incorporated in the National Power Grid.

Of these stations, five will utilize the Akhelcoos River hydro-dynamic potential already being utilized at Kremasta and Kastraki. Two new stations will be constructed on the Aliakmon River which is currently utilized by the hydroelectric plant of Polyfytos, while the remaining four stations will utilize, for the first time, the water power of four new rivers. Specifically:

- a. The Arakthos River, where the Pournarion hydroelectric station is under construction and where three units of a 300 MW total capacity will be in operation during the period 1980-1981.
- b. Around 1983, five units of 423 MW total capacity are expected to be in operation on the Aliakmon River, utilizing the river's water power with two stations which will be constructed at the locations of Sfikia and Asomata.
- c. In order to utilize the Mornos River waters the Giona hydroelectric station will be put in operation with two units of 12 MW capacity.
- d. The hydroelectric station of Pagon will be put in operation by 1985 with two units of 210 MW total capacity.
- e. In 1987, two units with 345 MW total capacity will be put in operation at the Thessavros hydroelectric station on the Nestos River.
- d. And finally, at the Akhelcoos River, the hydroelectric stations of Stratos with two units of 150 MW total capacity, the Sykia station with two units of 170 MW total capacity, the Avlaki station with two units of 180 MW capacity, the Mesokhora station with two units of 240 MW capacity and the Glystra hydroelectric station with two units of 240 MW total capacity will be put in operation by 1983, 1986, 1987 and 1988 respectively.

Thus, between 1983 and 1987, 24 new hydroelectric units with a total capacity of 2,270 MW will be added to the DEI Power Grid.

Nuclear Plant

The operation of the first nuclear power plant, as part of the DEI energy planning, is expected around 1988. Specifically, the plan provides for one 600 MW unit. DEI has already started the necessary preliminary work.

DEI will be responsible for the planning, procurement and installation of the unit, a task which is expected to be completed within this decade.

New Restructuring in Power Production

Provided that the DEI plans will be carried out within the projected deadlines, the energy production by the end of 1988 for the DEI Power Grid will have a new structure in terms of composition. More specifically, the

use of oil will be reduced with a corresponding increase in the use of lignite and the water power of our rivers.

The production of electricity for the National Power Grid is expected to reach approximately 42,500 million KWH by 1988, a more than 118 percent increase compared to the 1978 production level. Of this total of 42,500 million KWH:

- a. 5,555 million KWH, or 13.07 percent, will be produced with the use of oil.
- b. 31,737 million KWH, or 74.67 percent, will be produced with the use of lignite.
- c. 322 million KWH, or 0.75 percent, will come from the nuclear power plant which is expected to be in operation by that time.
- d. 4,890 million KWH, or 11.51 percent, will be produced by utilising water power. But it must be noted that this level of hydroelectric production (11.51 percent) is based on marginal levels of hydrological conditions. But during years of average water levels, the production of electricity will be higher, reducing accordingly the use of oil for the production of electricity.

Thus, oil as a factor of power production will go from 37.0 percent of total production last year down to 13.0 percent by the end of this decade.

At the same time, the production of electricity from the utilization of domestic resources will go from 62.94 percent in 1968 up to 86.11 percent which corresponds to approximately 36,600 million KWH.

It should be noted also that this production corresponds to the equivalent of 9,150,000 tons of crude oil which would cost at current prices more than 32.9 billion drachmas if purchased abroad.

7520
CSO:4908

CONTRIBUTOR COMMENTS ON AIRCRAFT INDUSTRY

Athens O OIKONOMIKOS TAKHYDROMOS in Greek 31 Jan 80 pp 21, 23

Article by A. Papandropoulos

Text We hope that the overall organizational structure of the Greek Aircraft Industry EAV is not the same as that of the 18 December 1979 dedication ceremonies which for a long time will constitute an unpleasant memory of ordeal--an ordeal which is basically due to the lack of directions regarding the geographic location of the EAV plant. If strategic reasons dictated this lack of directions then they should have been lifted for this particular day. Thus, perhaps to spite some bureaucrats, some reporters who were trying to find the location of the Tanagra plant traveled as far as the outskirts of Lamia!

Furthermore, to many of those present the whole show of the dedication was disheartening and brought to mind the good old days of the Byzantine era. And from this point of view, it is amazing how the premier of a country which "belongs to the West" agrees to become the object of such manifestations which remind one of backward countries. Perhaps such events may be imposed by some kind of protocol. But in this case the premier cannot imitate his friend French President Giscard d'Estaing and abolish certain customs which, if nothing else, basically are a challenge to the democratic feelings.

On the other hand, the effort on the part of some fiendish newspapers to create doubts about EAV by reason of a Lockheed Aircraft Co. advertisement and an old and forgotten judicial case was also deplorable.

Since these newspapers wondered why Lockheed inserted a "thank you" advertisement, we find it expedient to point out that this American aircraft manufacturing company which is well known for its generous "gifts" has signed a contract with the Greek state on matters concerning organization, management and technical equipment. This Lockheed-Greek state cooperation was established following the premier's personal approval. Other companies cooperating with the Greek state are the General Electric Co. for engines, the Westinghouse Co. for electronic workshops and Austin for drafting the

plans of the building installations. And just to remove any xenophobic doubts it should be noted that the construction of the whole project has been assigned to Greek contractors.

The Background

"The establishment of EAV in 1976," says Iason Stratos, president of the EAV administrative council, "has marked an end and a beginning--the end of a number of lengthy discussions and studies on the need to establish a modern aircraft industry in Greece and the beginning of a great effort which, as far as aircraft manufacturing is concerned, would put our country in the company of the advanced countries."

"The aircraft industry as a target per se was never questioned during the years when the first efforts for its establishment began. Only questions could have been raised on the possibilities of operating in Greece a unit of such high technological level and on its economic expediency. But it was generally agreed that the targets EAV would serve would cover such important national needs that both the efforts and the possible short-term lack of economic efficiency would be justified."

According to Stratos the targets of the new plant are: First of all, the independence of the military and civil aviation from foreign sources. "An industry which would serve the aircraft repair and manufacturing aims," says Stratos, "would play an important and crucial role as concerns the independence of the air force both in time of peace and in time of war."

The second target concerns foreign exchange. "EAV," said Stratos, "would achieve the saving of foreign exchange from jobs which thus far were given abroad and with a plain and concerted effort could itself become a prime industry for the import of foreign exchange. The third target concerns the importation of high level technology which the country lacked until the establishment of this new unit. It is the combination of these targets that finally led to the decision to establish EAV."

Cooperation with Foreigners

"It is clear," said Stratos in response to a question, "that Greece could not by herself set up, organize and operate such an industry. It was necessary therefore to buy technology from abroad and we did so. The company's management for the first difficult years was assigned to foreign specialists. The experience to be gained by the Greeks working with them will be valuable. The Greeks have succeeded in using to their best advantage and to a large degree the period of coexistence with the foreigners. There now exists the new generation of scientists and technicians so that part of the management is already in the hands of the Greeks who soon will be assuming the total management of the company. Moreover, the project was planned from the beginning in such a way as to provide in the same space

the whole gamut of aircraft repair and maintenance services, a fact which is rather unusual in the world market. Most of the competitive companies do not provide the possibilities of repairs in all sectors of industry under the same roof--repairs to aircraft engines, electronic equipment, accessories, etc. EAV has such a possibility which is considered very important for servicing both its Greek and foreign customers."

Problems and Advantages

"One of EAV's most serious problems," continued Stratos, "is that of personnel. Finding and training such personnel is not easy. Yet, we are able to cope with the problem. But despite the serious problem created by the fast development of the company, its position is particularly advantageous for exploiting foreign markets such as those of Africa and the Middle East. In any event, much effort, much work and a lot of study are needed."

In his EAV dedication speech Stratos pointed out among other things that the capability of the company to do work on 24 types of aircraft and 21 types of engines is something difficult to find in the international competition. This extra advantage will eventually find its place in the foreign market, will bring to Greece additional work from abroad thus reducing the cost and will bring into the country foreign exchange. Stratos added also that EAV has contracts already for repairing 290 engines in the next 5 years.

Technical Background

As concerns the technical identity of the company, it is pointed out that the plant is located at Skhimatari of Voiotia, that it spreads over 750 stremmas and that its sheltered areas and hangars cover 87,000 square meters. On 15 December 1979, nearly 95 percent of the space was filled. The electric power substation has a capacity of 150 kilovolts and the plant uses the Tanagra runway.

The whole complex for aircraft and related accessories has a total surface of 35,000 square meters, a low ceiling hanger of 18,000 square meters (22 meters in height) and a high ceiling hangar of 9,000 square meters (33 meters in height). The engine complex covers a total surface of 15,000 square meters; the main workshop covers 13,700 square meters; the testing area covers 1,300 square meters; and the electronics complex has a total area of 9,500 square meters. A total of 32 Greek contracting companies and technical firms cooperated in the construction of the whole project.

Conclusion

There is no doubt at all that the existence in our country of high technology industries is not only desirable but should also constitute a main objective of our future industrial policy. It is about time that our industry is oriented in new directions and abandons its antiquated standing

which does not differ considerably from that of the industrial countries at the time the industrial revolution began. Furthermore, under the present conditions of investment stagnancy and of decrease in the domestic supply, the establishment of a nationally controlled sector of capital accumulation is an important tool of developmental activity and social policy.

7520
CSO:4908

SPECIALIST COMMENTS ON LIFTING OF NOTAM 714

Athens TA NEA in Greek 25 Feb 80 p 3

Text The sudden abolition by Turkey of NOTAM 714 would have been lightning in a clear sky if the sky above Greek Archipelago of the Aegean were clear. Yet, the timing of this gesture which will impress the Turkophiles across the Atlantic as "an act of good will," is not accidental. This is in line with recent rumors that the ideal solution is a return to the pre-1974 status in the Aegean. And to avoid friction in the future the Americans will take over the protection of the Archipelago /air/ space.

This is a prelude for the so-called tri-section of the Aegean. In reality, it is not going to be a tri-section but the real transfer of the Aegean to the Turks under various pretexts and NATO legalisms. If the statement for the abolition of NOTAM 714 only with regard to civil aviation were also followed by explanations relating to: the movement of war planes, the drafting of military exercises, the process for carrying out such exercises, the abolition of the arbitrary selection of areas for such war games, and finally the giving up of the arbitrary demand not to recognize the continental shelf of the islands to a depth of 200 meters, then we would be justified in believing that the abolition (of NOTAM 714) would have genuine objectives.

Is It a Trap?

But in the hazy way the statement was made it leaves many gaps, raises questions and creates unclear situations such as those we mentioned, which justify the suspicion lest it be a trap. For the time being, however, the only positive element--favoring Turkey always--is that the abolition (of NOTAM) serves the interests of the Turkish airline which used to fly the route between Athens and Istanbul and Izmir by way of the Mytilini and Khios airports. It also served the Air France and Sabena airlines. These are the airports which were kept closed after Greece's response to NOTAM 714 with NOTAM 1154. The former arbitrarily claimed half of the Aegean. The second justly prohibited all flights over the Aegean. But today, following the events in Afghanistan and with Tito's impending death, the Americans are in a hurry to place under their exclusive control the entire operational sector of the Aegean.

A report from Washington by St. Evstatiadis to the newspaper VIMA is revealing with regard to the American intentions. They have decided to put into effect the old American plan to limit Greece and Turkey to their continental areas so that the Americans would take over the defense responsibility for the Aegean, aided in its administrations by those who would be willing to follow them blindly. Their first ally and main aid in this effort, which ally at first cannot be seen very clearly, are the Turks. The Turks will be rewarded later with an initially agreed upon "joint rule." For this reason, their sudden action the other day is alarming and extremely dangerous.

Historical Development

But let us review the historical development of NOTAM 714 of 6 August 1974 which coincides with the Attila Turkish invasion in Cyprus. At that time, the Turks entirely arbitrarily drew a curved line approximately 60 miles west of their borders in the Aegean or in the middle of the Aegean. To that area they moved the boundaries of FIR, that is, the regional control of air flights, directed from the headquarters of the First Turkish Air Force at Eskisehir.

But FIR had been established by the 1952 international agreements of ICAO--the International Civil Aviation Organization. The agreements provided that the FIR coincided absolutely with each country's land and sea miles.

The Turkish line, imposed arbitrarily and cutting the Aegean in half, passed west of Samothraki, Limnos, Agios Eustratios and the whole Dodekanisos with the exception of Karpathos. To this unprecedented Turkish action which in other times might have become a cause of war, Greece responded with its own NOTAM 1154 which declared the entire air space over the Aegean up to 6 miles outside the Turkish shores a dangerous zone for international aviation. It was inevitable that the flights to Turkey from the Limnos and Khios air corridors should be suspended immediately...

At the same time, Turkey declared as a restricted sea and air zone for security reasons a rectangle extending from Samos to the Straits. This was a tremendous challenge. To soften the impression, General Haig convinced the Turks to straighten the curved line dividing the Aegean. Now their arbitrary control extended from the Evros River boundary down to Mytilini and Khios all the way to the tip of Crete, at Zakro point.

As one might have expected, we never accepted this "arrangement" which ran counter to the 1923 Lausanne Treaty and the 1974 Paris Agreement which defined the sea and air boundaries.

Venizelos Was the First

Elevtherios Venizelos was the first to foresee and demand the safeguarding

of the air space and to achieve its legal recognition and protection. Yet the Turks were not limited to the extension of the FIR. They also assumed that the sea, too, was open to their seismic research ships, by declaring that they did not consider as valid the definition of the islands' continental shelf which specifies that their "sovereignty" extends to a distance where the continental shelf slopes to a depth of 200 meters.

An Aggressive Policy

Turkey's goals were obvious: It adopted an aggressive policy with the objective of gaining operational advantages in the Aegean, and even within the Greek FIR. In other words, to be able to fly unhindered over our islands, to fly as close as Pilion, while we would not have the right to check such flights from our defense sector under the 28th Command of our Tactical Air Force in Larissa. Instead, these flights will be guided by Turkey's command in Eskisehir. This means that Turkey can plan at will air-naval operations within our area, giving us the coordinates it chooses, without even asking for our permission.

Turkey carried out such arbitrary and illegal planning from 17 to 22 January 1979 with the result that during those days we were cut off from Limnos. This took place because the Turkish Air Force was conducting exercises with real fire and we did not know the starting point for the planes, nor the "exit" point after the raid, nor the direction they were to take. With this tactic, Turkey achieved and holds an established right that could be used as a means of blackmail during the various negotiations.

One More Demand

Side by side with NOTAM 714 the Turks embarked on another campaign. In order to neutralize the "terminal areas" of the Limnos, Lesvos, Samos, Khios, Kos and Rhodes airports, they thought of something else: They demanded and continue to demand that we reduce our air space from 10 to 6 miles. This is an insolent demand because if it were to be accepted it would violate international law and the ICAO regulations. Because if the 10 miles are reduced to 6, then no aircraft, civilian or military, would be able to make the proper air maneuvers for approaching and landing at the airport. But Turkey, which for 44 years has recognized this right, is now challenging it following the occupation of Northern Cyprus. By contrast, however, in the case of its own air force, Turkey keeps for all its airports a landing maneuver space of 20 to 50 miles wide.

What the Tri-section Is

Now we face a new American-Turkish phase, possibly the beginning of a process for the tri-section of the operational space in the Aegean in order to maintain the balance in the Mediterranean, satisfy Greece and Turkey and strengthen NATO and the United States in the eastern Mediterranean.

What is this tri-section? In gross outline, in order to make it understandable to the layman, it is an effort to return Greece and Turkey to the 1974 status quo, exactly where our boundaries were defined: 6 miles for continental Greece, 6 miles for Turkey. But to avoid "disputes" the air space will be directed by the Americans! In this way, the Greek space 6 miles out of Kafireas and Pilion will be covered by Greek defense aircraft. The space in between all the way to the Turkish space will be taken over by the Americans. As a result, our islands will remain unprotected by their natural protectors, the Greek airmen. Their /protection/ will be taken over by an American air force general.

In reality, however, since there are no American aircraft nor special American installations in the area, the defense of which is covered by the Greek 28th Air Force Command in Larissa and the 1st Turkish Air Force in Eskisehir, it will be possible to assign the Turks the responsibility of replacing the Americans. And then, the Turkish aircraft will fly, and rightfully so, all the way to Sounion and over the Aegean Islands as... their protectors while we, being out of NATO, moreover, will have to ask Turkish permission before we take off.

A Trick

This is obviously a trick to snatch out of our hands our sovereign rights and leave unprotected our islands, the demilitarization of which Turkey has already started talking about. This new tactical Natoist solution is just as threatening as the previous Turkish efforts. Already the Turkish and American objective is becoming clear. /Their objective is/ the tri-section which will be presented in "low key" as an ideal solution of necessity.

According to existing information from NATO sources, the Americans will propose certain guarantees to dispel any anxiety on our part concerning our sovereign rights over the Greek Archipelago. But who can guarantee that the guarantees will hold at a given /critical/ moment? The most sound, the most appropriate policy from the national standpoint is precisely the return--if it is assumed that we return to NATO--to our positions before we left it /In 1974/. Any other concession (which will reduce by 40 percent our previous status) will be nationally dangerous and must be rejected together with the "tri-section" as unacceptable.

Any other concession will mark the success of some Turkish maneuver serving long-term designs. NATO and especially the Americans do not want (vis a vis any sacrifice) to waste time in order to bring Turkey to its senses, a country which has an admirable ability to take advantage of its privileged geographic location. Maybe things would not have reached such a point and the Turks would have acted differently, if, instead of a policy of appeasement, we had told them point blank that they have to understand two things: that the right is on our side, and that, above all, we have the ability to impose respect for our rights.

Today the Greek Armed Forces are in a state of high preparedness, fire power, and fighting capability, not in order to use them against anyone but only to defend and impose respect for our trampled on rights.

We have an enviable deterrent force. Let us not, then, allow immunity for those who undermine the integrity and independence of the Greek Archipelago of the Aegean.

7520
CSO:4908

GREECE

FEBRUARY IMPORTS SHOW DOWN TREND

Athens HELLENEWS EXPRESS in English 21 Feb 80 pp 2, 3

[Text] The effects of the measures adopted on the 30th of November, 1979 are now allegedly beginning to be felt. Imports in the first ten days of February, 1980 are \$25,300,000 below the value of those of the same period in 1979. The fall has been sharper in consumer goods. The value of imports for the ten days in question has been calculated on the basis of proforma invoices submitted for visa to chambers of commerce and amounted to \$181,249,905 compared with \$206,642,006 for the same period in 1979 (i.e.--12.26%). It is predicted that the drop in the second ten days of the month will be even sharper. A remark made by the Minister of Coordination at the end of last week adds weight to the theory that, perhaps, the bank clerks strike may have been an even greater cause for the fall in imports than the delayed-action effect of the measures resulting from Law A/3-3385. Mr. Mitsotakis was quoted as having said at some stage in the talks about the bank strike that, in a negative sense, it could play a useful part in the struggle against inflation and the adverse balance of payments. (Editor's comment: It should be remembered that, whereas an importer cannot get his pro-forma invoices a visa nor a letter of credit established through his bank to pay for placing an import order, all an exporter has to do is to fill in a formal declaration before any district Post Office Savings Bureau in order to receive financing, on account, for his export transaction. It does not require an economic genius to realise that, under such conditions, there can be an almost 100% hold-up in new orders for imports while exports muddle on more or less as before. This situation has been going on for the best part of five weeks and, given a few weeks longer, it could make a major difference to the appearance of the balance of payments for the first half of the current year. Even if the bank clerks go back to work one of these days, it will be far from meaning that everything will roll on smoothly again from the point at which it all began. There will be a major anomaly and back-log to overtake. Some import orders will have been cancelled altogether, such as all the Spring fashions which a major Athenian general store had planned to bring in. Other articles such as canned milk and instant coffee have been coming in at a minor trickle and sales have continued from stocks. It does not follow that enough funds will be available to rebuild them in a short space of time. Perhaps, therefore, the bank strike is indeed the proverbial silver lining to every cloud).

BRIEFS

MANUFACTURERS CERTIFICATE--For years past there have been disputes over the question of whether or not a given product is manufactured in Greece in suitable quality and quantity for the domestic market. There has also been controversy over the real amount of value added by processing in Greece to earn the designation of a "Greek" product. It is an important point because preference at State adjudications for various public procurements, taxes, etc., are dependent on whether an article is genuinely Greek and whether it is available from local sources in adequate quantity and quality to satisfy the needs of the domestic market. Importers have complained in the past that goods imported by them have not received the treatment they could have expected, the excuse having been that they were in competition with articles of similar quality made in Greece, whereas the counterparts made in Greece were allegedly neither in sufficient quantity nor comparable in quality. Conversely, Greek manufacturers have complained of cases when imports were given treatment they did not merit because the local produce had been available both in adequate quantity and in excellent quality. All this confusion has been traced back to a lack of quality standards and an even worse lack of records of just what is and what is not available from Greek industry for the domestic market. As a result, the Ministry of Industry and Energy announced that it is preparing a mechanism for issuing certificates to parties interested to the effect that any given article is a Greek manufacture and is of a given specification standard as well as available in the quantities needed. Records will be built up and kept up-to-date. [Text] [Athens HELLENEWS EXPRESS in English 21 Feb 80 p 4]

CSO: 4920

BARRETO ON 'REFORMISTS' ROLE IN CURRENT POLITICAL SITUATION

Lisbon DIARIO DE NOTICIAS in Portuguese 16 Feb 80 pp 3, 8

[Article by Antonio Barreto, leader of the Reformist Movement: "The Reformists and the Political Present"]

[Text] Since 1977, the notion that it is necessary to make the political system progress, or even to change it peacefully and democratically, has become evident. The changes to be undertaken would have the following purposes, among others: to lend the institutions greater stability; to increase the possible accords between the organs of sovereignty; to strengthen the capacity to defend our national interests in the difficult international situation; to insure the pooling of collective efforts on behalf of economic and social development; to create a new flexibility in the operation of the mechanisms of democracy in order to achieve greater national consensus; and to make the political authorities capable of executing a vast program of reforms required for modernizing Portuguese society.

Also since 1977, three potential executors of those changes have succeeded one another: the Socialist Party, the president of the republic and the Democratic Alliance [AD]. However, it has become clear since then that none of the aforementioned, acting alone, could perform such a function. For various reasons, which need not be analyzed here, the first two did not seize the initiative for making the system progress. As for the Democratic Alliance, it is obviously still too early to be able to assess its desire or capacity for guiding and directing that progress exclusively. For the present, it has attained a parliamentary majority, which is unprecedented and which constitutes extremely important leverage. However, note must be taken of the fact that, in order to create that majority, it was necessary to procure resources beyond the confines of the AD: in this instance, from the reformists. So much so that this majority is not of the kind that would warrant the opinion that the three AD parties have all the necessary political devices and complete freedom of action. In fact, the absolute majority exists only as a result of the contribution from the reformists who, let it be recalled once again, enjoy complete legislative autonomy on a contractual basis, and have only promised to make the governments ... and to vote in

solidarity with the PSD [Social Democratic Party] on "...laws and resolutions which require an absolute or qualified parliamentary majority, with a mutual consultation between the parties involved."

This agreement was constructive, and has brought good results: It allowed for a better expression of the reformist thinking, affording the latter an opportunity to participate actively in political affairs, most especially in parliamentary action; it contributed to the electoral victory of the PSD and the Democratic Alliance as a whole; and it has proven the usefulness of and the need for extending the social bases of the new political authorities to areas beyond the organizational boundaries of the AD.

This agreement has been implemented and, thus far, there have been no misgivings on the part of the reformists as to the PSD's fulfillment of the commitments assumed according to the strict terms of the agreement that was signed. Moreover, a change has just been made in the rules of the Assembly of the Republic which allows the reformist deputies "...to establish a parliamentary group of their own, which will reflect their features as an autonomous political entity, taking the terms of the Constitution into account."

A Question of Method

During the early weeks after the Parliament went into operation and following the formation of the government, there was evidence of a certain amount of provoking nervousness on the part of political sectors which, without reason or motive, entertained doubts regarding the clarity of the reformists' intentions or their real desire to assume the commitments that had been contracted. These doubts were an indication of lack of experience and inconstancy. Hence, the resultant nervousness appears to have found as an excuse the fact that the reformists have not wanted to participate in the government, to which they were, moreover, invited by the present prime minister.

Now that this nervousness seems to have been dispelled, fortunately, it would be a good idea to recall the statements made by us before and during the election campaign, which were reprinted throughout the press, including the PSD's official organ. In brief, these statements claimed: "The reformers do not have any claim to make regarding participation or the composition of the government, and presume that they are benefiting their parliamentary action." It was clearcut and obvious. Not everyone interpreted it in this way, and some felt that it involved false modesty and a subtle candidacy.

No subsequent proposal has been made that would prompt us to change our opinion. In fact, not sharing strategic, electoral or program-related responsibilities was sufficient to preclude favoring a reformist participation in the government. This did not prevent a reformist, Paulo Mendo, after having been requested to do so, from offering, with our support, to assume a

health portfolio (in the State Secretariat). I regret to say that this offer did not materialize, because it met with major political obstacles on the part of less reformist sectors of the Democratic Alliance.

As for the so often mentioned candidacy for the presidency of the Assembly of the Republic, it should also be pointed out that the reformists did not take any initiatives, either individually or collectively, and confined themselves to listening to proposals. The fact that Medeiros Ferreira's candidacy did not materialize is as much the fault of AD as it is of PSD, with its initial suggestion. In any event, this fact proved detrimental to the dynamics of the AD's openness.

To summarize, under the general terms of the agreement that was signed, the reformists' non-participation in the government is a natural, legitimate fact known publicly since the elections. And it does not lend itself to any suspicion of enigmatic intentions. In fact, if the refusal were a matter of hostility, how could that position be reconciled with the certainty that anyone who could accept what is essential (electoral support) could not accept what is incidental (participation in the government)?

The Agreement and the Future

The agreement with the PSD underscores the main common objectives which gave rise to the understanding: to make the system progress, to seek a parliamentary majority, and to strive together for new election laws, for a legal framework for the referendum and for the free revision of the Constitution. This agreement is not exclusive, nor does it allow for improper generalization. In other words, it does not imply, either by analogy or default, that there is agreement on other important matters (namely, the presidency of the republic, the essence of the constitutional revision, laws establishing the socioeconomic system, foreign policy or decentralization). Nor is it an obstacle to subsequent probes or further agreements, studied case by case with the PSD. In the aforementioned areas and others, the reformists will not necessarily confine themselves to a restricted, immobile position, refusing further negotiations. And, in any case, even if new understandings are not reached on one issue or another, we shall continue to fulfill the former agreement, and will not nullify it because of subsequent differences, which are moreover natural, provided they do not change the terms of the initial contract. I am convinced that those with whom we are talking are imbued with the same spirit.

On the other hand, as is obvious and natural, the first inclination, when considering the matter of new agreements, will be to regard them as being in the same context of negotiation, that is, between reformists and Social Democrats. The actual reasons are obvious: So long as there are no explicit and sufficient arguments, I do not think there are any reasons for changing the nature of the contract. The political reasons are no mystery: Despite the differences of opinion, there are sufficient affinities between us

and the PSD, both political and doctrinal, to make it possible for the previous agreement and potential future agreements to be undertaken readily. To date, the same cannot be said for the situation between us and the Democratic Alliance. It was not merely coincidental that, despite requests, we did not associate ourselves with the founding of the AD, nor negotiate the agreement that is in force with it. The AD, in the precise and limited context in which it exists at present, was regarded by us as a suitable opportunity for starting the progress in the system. It has never been, nor is it now, the complete prefiguration of the future socioeconomic and political system. We are not seeking to destroy the AD, but it may be said that, like the system, it must progress and become extended. For example, one of the directions for that desirable progress consists of an intensification of its reformist dynamics. In fact, the Social Democratic component has not been sufficiently revealed thus far, either personally, politically or doctrinally; not even in proportion to its electoral strength. This is a regrettable fact for the reformists, but we hope that the situation will be temporary.

The Institutions

The politico-institutional issue is also an example of the need for progress. The vast majority of the present conflicts (the reasons for which are varied) between the organs of sovereignty are rather useless and commonplace. They do not represent real political debates which would help to produce future institutional solutions, and are too much of a reflection of antipathy without a future. The reformists who accept and wish to participate in political frays are unwilling to become involved in petty quarrels. But, more serious than wasting time on ridiculous little wars is the fact that the traditional polemic between the civilians and military has become somewhat reactivated. Although it is true that there is some tension, both political and constitutional, it is also true that it will not be surmounted in an atmosphere of hostility, but rather by resorting to consensus and negotiation.

This latter problem is indirectly related to the institutional position of the president of the republic and to the candidacies for future presidential elections. In this connection, and with an effect on what the reformists will or will not be able to do, the first lovers of verbal and analytical argument are already appearing on the horizon. The invitation is naive, and the challenge is not worthwhile. But I shall make use of the opportunity to explain two points. In the first place, this subject is not included in the agreement with the PSD. Thus, it will receive the same treatment, explained previously, as all the new political and legislative topics. Secondly, the reformists have not changed their essential position regarding the problems of institutional leadership, which is considered an adjunct of the main issue. In other words, I see no reason why it should be proper to abandon the defense and the theories of institutional or presidential leadership, and to choose the system of parliamentarism, which is flimsy in our country at present.

Not only do I see no reason, but I also think that the first vicissitudes of the new political authority have reinforced the idea that the institutional leadership and the association of the three majorities (constitutional, presidential and parliamentary) are essential for consolidating democracy, and for developing and modernizing the society. There are no great novelties nor surprises in this area either: Since 1977, particularly in the texts entitled "Reformist Manifesto" and "Changing Portugal," the signatories of the former and the cosignatories of the latter have overtly expressed their preference for institutional types of leadership.

At that time, the Democratic Alliance did not exist. Our preferences have been maintained.

The Political Issues

A preliminary conclusion may be drawn from what has been said: The reformists will stringently abide by the terms of the agreement which has been signed, for which they only demand reciprocity. As has already been noted, this has been the case to date. They will not relinquish their autonomy, and they will do everything to reinforce their identity, from which the PSD only stands to gain, all the more so if not electorally. They will not agree to be left on the sidelines, much less serve as a scapegoat in potential internal conflicts within the AD.

We have a natural preference for bilateral negotiation, following prior agreement, something which does not preclude our desire to continue the dialog with AD. From the standpoint of our autonomous activity, the benefit is that of parliamentary action during the legislative session that is in progress.

Finally, it is pertinent to make a distinction between the matters included in the agreement with the PSD and all others.

With respect to the former, what is essential has been stated, and the commitments will be upheld. As for the latter, the topics of method and those relating to institutions have already been explained. Let us observe some of a political nature.

The old, inequitable, conservative order should not recover through the government of the majority what it lost in the electoral processes. That would be politically disastrous and morally reprehensible. If economic power again assumes preeminence over policy decisions, Portugal will miss another opportunity to take the path of modernization and progress in social justice. Concurrently, the national decision-making must not be gradually disregarded in favor of external interests, whatever their geopolitical origin. The external contribution, both political, economic or cultural, is unquestionably important and necessary; but dependence on, or subordination to it is a step which the political leaders should not take.

Internally, the correction of the mistakes that have been made in recent years and the nullification of unjust options make sense only if they are done in a positive manner, looking to the future and not reverting to the myth of restoration which, in addition to being impossible, is worthless to the Portuguese people. The establishment of clearcut democratic rules (for the administration and for the public enterprise sector, for example) is by far preferable to the "jumble of appointments." Arbitrary action does not create power (except of the temporary kind), nor does it foster the potential consensus.

On the other hand, from a future and long-term standpoint, it is far more important to foster the emergence or advent of new elite groups of leaders, specifically in an attempt to recreate a certain amount of balance, or to give credit or even the benefit of the doubt to social groups which received little under the previous regime and missed a great deal. The lack of experience of new leaders or of younger generations cannot justify the fascination for the perpetuity of a regime which was a bad experience.

Finally, the last 6 years have had, among other things, the merit of proving the profound and urgent need for social reforms in agriculture and education, for technology for transportation and for supervision of public administration. There was an urgent need for these things in 1974; and there is even more so in 1980.

Decentralization and regionalization are, most especially, two priorities without which any political plan will be marked by conservative immobility. If the energies of the political authorities are directed mainly toward the implementation of such reforms, our applause will not be given grudgingly.

In conclusion, fulfillment of the terms of the contract with reciprocity is a matter of honor to the reformists. Their intensification and the reinforcement of the solidarity that has been negotiated between the reformists and the Social Democrats, since they are not urgently needed nor current, have requisites pertaining to method, policy and program. Some of the main ones have been cited herein.

2909
CSO: 3101

FINANCE, PLANNING MINISTER STRESSES NEED TO COMBAT INFLATION

LD131437 Lisbon DIARIO DE NOTICIAS in Portuguese 4 Mar 80 pp 3, 8 LD

[Interview with Anibal Cavaco e Silva, minister of finance and planning, by Simoes Ilharco: "Inflationary Trend Is Already Being Reversed"; date and place not specified]

[Text] DIARIO DE NOTICIAS: Your name emerged in connection with some of the delegations which negotiated the agreement with the IMF--a decisive factor in economic policy over the last 2 years, which has now been called into question by the "turnabout" effected by the present government. Going back 2 years, do you believe that there was any viable course other than concluding the standby agreement?

Cavaco e Silva: In the first place, I would like to make clear that I took part in those negotiations merely as an expert. I held no political responsibility at the time, and final decisions always rest with those who hold that responsibility.

On the basis of the information known to me, I believe that it would have been very difficult to find a solution other than that of the agreement with the IMF. The balance of payments deficit had reached \$1.5 billion in 1977, and it seems that the country would have had great difficulty in securing the foreign loans which it needed without that agreement.

DIARIO DE NOTICIAS: So do you acknowledge that the policy pursued at the time made it possible to create conditions enabling the balance of payments to be today a factor in and not a final objective of economic policy?

Cavaco e Silva: It is a fact that, in the state which the balance of payments was allowed to reach, it was difficult for economic policy in 1978 not to elevate reducing the deficit to the category of an essential short-term objective. But I wish to emphasize that there were already clear indications at the end of 1978 of an appreciable recovery in the balance of payments. In the first quarter of 1979, there were

undoubtedly already conditions for launching another kind of policy, less influenced by the external deficit. As is known, this was not done, and we reached a situation which is difficult to explain in a country with a low level of investment and a very high rate of unemployment--that is, a situation whereby in 1979 there was a current account surplus of about \$100 million and a \$1.2 billion surplus in the overall balance of payments.

DIARIO DE NOTICIAS: Are these figures final? How is this surplus to be explained, when official forecasts in November were anticipating a current account deficit of between \$350 million and \$400 million?

Cavaco e Silva: These are the figures according to the most recent estimates. The surplus is to be explained mainly by the sharp increase in emigrants' remittances--which totaled about 120 million contos--the increase in revenue from tourism--which should have reached about 47 million contos--and the fact that the real increase in exports was about 19 percent. But I must tell you that I was already convinced in November that the current account deficit would be well below \$400 million.

Exchange Policy

DIARIO DE NOTICIAS: The Socialist Party says that the current exchange policy is possible only because of the activity of previous governments, which--I quote--created conditions for revaluing the escudo. Do you agree with this viewpoint?

Cavaco e Silva: The change in exchange policy was made not because it was possible but because it is a correct economic policy measure. The escudo had been devalued excessively in the past, with a strong influence on the aggravation of inflation and adversely affecting the distribution of income. The revaluation was a correction of the exchange rate of the escudo, which was undervalued, and was aimed at alleviating the adverse effects of the excessive devaluation in the past.

DIARIO DE NOTICIAS: However, there were those who put forward the argument that it would have been preferable to reduce the rate of devaluation to 0.5 percent, instead of opting for revaluation. What is your opinion?

Cavaco e Silva: Introducing a slower rate of devaluation would not have had very strong effects on reducing prices, and, moreover, it was the level of the escudo's exchange rate which was at stake, rather than its rate of depreciation. A measure with an impact, which would create conditions for breaking the vicious circle of devaluation and inflation, was necessary. A reduction to 0.5 percent would not produce that effect, and a rate lower than 0.5 percent would be impossible, because it would be inconsistent with the difference between inflation in Portugal and inflation in other countries. With the revaluation and

the (?retention) of the "crawling peg" of 0.75 percent per month, any possibility of speculation against the escudo is ruled out and Portuguese industry's competitiveness abroad is not jeopardized.

[LD131439] DIARIO DE NOTICIAS: Why was a 6-percent revaluation effected?

Cavaco e Silva: Studies of Portugal's competitive position vis-a-vis Spain, Greece, Italy and other countries were conducted, and direct information about the various exporting sectors was collected. This work revealed the range of percentages which could be chosen without jeopardizing our competitiveness. A 6-percent revaluation would still leave Portuguese industry substantial scope. Moreover it was a percentage which could have a significant impact on prices, deal inflationary expectations a kind of severe hatchet blow and create a considerable chance of all those who speculate on initiation to make easy profits being penalized. It is now dangerous to speculate by accumulating imported or even domestic products or by investing in foreign currency. Those who held those investments or speculated by accumulating stocks, awaiting a rise in prices, have lost as a result of the revaluation and run a considerable risk of losing more if they persist. The secret was well kept, and this was essential for the measure's success.

DIARIO DE NOTICIAS: What in fact are the psychological effects sought with the revaluation?

Cavaco e Silva: They are primarily that of eliminating inflationary expectations and the prospects of easy profits at consumers' expense. In addition, it is an indication of change, which does not come fortuitously but as part of a comprehensive economic policy which the government formulated and which it has been implementing in accordance with what was planned. I believe that people are beginning to realize this, and this cannot fail to increase confidence in the government's economic and social policy.

Revaluation of Escudo and Emigrants' Remittances

DIARIO DE NOTICIAS: Were the revaluation's unfavorable effects on emigrants' remittances taken into account?

Cavaco e Silva: I do not believe that the revaluation is having unfavorable effects on emigrants' remittances. The emigrants have a considerable advantage in continuing to send their savings to Portugal. They can deposit in escudos and receive a higher interest rate than in the countries where they work, even taking into account the planned devaluation. The interest rates benefit from exemption from taxation. They can, if they wish, keep deposits in foreign currency, also at favorable interest rates, and they benefit from the savings-credit

system which enables them to secure bank loans at low interest rates for purchasing real estate and so forth. Moreover the revaluation of the escudo, within the context of a comprehensive economic policy aimed at resolving the country's problems, will increase the emigrants' confidence. They send their savings to Portugal and are interested in the country's development. In 1979, the remittances increased by over 50 percent in dollars. I do not expect such a high rate of increase for this year, but this will not be because of the revaluation of the escudo.

DIARIO DE NOTICIAS: Why is combating inflation the top priority of economic policy? Are not economic growth and the boosting of investment being neglected?

Cavaco e Silva: Combating inflation is even a necessary precondition for the expansion of investment which the country needs. The higher the inflation rate, the greater the uncertainty affecting investors. Moreover, inflation encourages speculative investments and causes some of the country's resources to be devoted to activities aimed solely at securing profits exceeding the increase in prices, which reduce social well-being.

In addition, inflation has an adverse effect on the distribution of incomes. People with low earnings, retired people, the aged, rural workers--in short, groups without strong bargaining power--are those who suffer most from inflation, which makes the distribution of incomes less fair. In my opinion, in the present situation in the country, the conflict is not between inflation and growth but between inflation and fairness in the distribution of incomes. The higher the inflation rate, the less fair that distribution. Moreover it is only possible to increase real earnings and workers' purchasing power by reducing inflation. This is why I am surprised by the attitudes of tolerance toward inflation which some people have recently displayed.

In my opinion, the references which some people have made to a conflict between inflation and development in the present Portuguese situation are merely a badly digested Philips curve....

Boost Investment

DIARIO DE NOTICIAS: So how are you going to boost investment?

Cavaco e Silva: Investment should be boosted through the selective use of the instruments of economic policy. But this does not detract from the fact that the government has undertaken an anti-inflationary program. A program for selectively boosting investment through tax and financial incentives is in the process of finalization. The expansion of credit will be kept under control at a level consistent with the desired expansion of the economy and with the reduction of the rate of increase in prices. We are seeking to insure that credits are not

lacking for what are deemed to be priority investments, and this is compatible with the policy of controlling credit, which cannot be abandoned under the present circumstances.

[LD131441] DIARIO DE NOTICIAS: What are the criteria for providing an incentive for investment?

Cavaco e Silva: Its economic productivity, including effects on the balance of payments and employment, sectorial location and contribution to correcting regional imbalances.

DIARIO DE NOTICIAS: Returning to the alleged conflict between inflation and expansion, there are those who claim that there would be no major drawbacks in maintaining a higher rate of inflation in order to be able to achieve greater economic expansion....

Cavaco e Silva: In addition to what I have already told you, I would point out that some of these proinflation economists seem at the same time to advocate maintaining families' purchasing power, attacking rises in the prices of the products which they consume. There is something amiss. Or are they forgetting that the indicator of inflation is a prices index? On our consumer prices index, which represents families' pattern of consumption, foodstuffs and beverages represent 49.6 percent. If the inflation rate is higher, the price of food will almost certainly be higher. And I repeat: A policy aimed at containing the fall in real earnings in Portugal will not succeed if it does not succeed in reducing inflation. What the government is seeking is to increase the Portuguese people's purchasing power, and this will be accomplished by containing the rise in prices and increasing people's disposable income through higher social benefits and pensions and by reducing taxation.

DIARIO DE NOTICIAS: The reduction of the trade tax forms part of this policy....

Cavaco e Silva: Precisely. This is, as has already been explained, a significant reduction. More money will stay in workers' pockets. It is the first tax reduction in Portugal since 1974. Until then, there were only increases.

DIARIO DE NOTICIAS: And will the supplementary tax also be reduced?

Cavaco e Silva: It will also be reduced. The studies which are being finalized are aimed at broadening the income bands on which taxes are imposed--which is tantamount to reducing taxation--and reducing the penalization to which married couples have been liable. In this way the disincentive to marriage will be reduced.

Struggle Against Tax Evasion

DIARIO DE NOTICIAS: And as far as the struggle against tax evasion is concerned, will it be stepped up?

Cavaco e Silva: I attach the greatest importance to this struggle, and the Ministry of Finance will not tolerate evasion. A working group under the minister, which coordinates the measures to combat tax evasion, is already functioning. At present there are about 20 million contos in debts to the state awaiting attachment. The struggle against evasion is directed against all those who do not fulfill their duties. I do not advocate a tax amnesty. I do advocate a period of truce, so that people can regularize their position vis-a-vis the treasury, and they may be given an incentive to do so voluntarily. With the measures adopted to reduce taxation, the argument that the tax burden is excessive can no longer be used. Only by reducing evasion is it possible to reduce taxation for those who do not evade fulfilling their duties. Evasion of the turnover tax is quite considerable, and very close attention will therefore be paid to inspection in the area of this tax.

DIARIO DE NOTICIAS: What is your opinion about code numbers for tax-payers?

Cavaco e Silva: I regard them as an extremely important step in combating tax evasion. Only those who do not pay their taxes can be afraid of code numbers for taxpayers. Everything that is said about intrusion into or invasion of people's private lives is totally unfounded.

DIARIO DE NOTICIAS: And what is the present state of the tax reform?

Cavaco e Silva: It is at a very early stage. A tax reform must be seriously considered, partly because joining the EEC compels us to do so, specifically with respect to introducing the value-added tax. By the time of entry we must demonstrate that we will succeed in replacing the turnover tax by the value-added tax within a not very lengthy period.

The single income tax is also a great priority.

We must advance pragmatically, avoiding setting up a committee to study tax reform solely in order to say that it exists but with no guarantee that it will produce results.

DIARIO DE NOTICIAS: Returning to investment, do you believe that the country enjoys sufficient political stability for investments--specifically, foreign investments--to be made in Portugal?

Cavaco e Silva: I believe so. There is no reason why foreign investors should not invest in Portugal. The investment code is not restrictive, and the risk factor is no greater than in the other European countries.

I have some evidence that foreign investment is responding. The speed at which this government unblocked the Renault project constitutes an indicator of confidence for foreign investors. Applications for the authorization of foreign investment in January this year were 10 times those for the same month last year.

But we wish no discriminations between foreign and domestic investors or between public and private investors.

A domestic investor will benefit from the same advantages as a foreigner for identical projects in terms of added value, creation of employment and the effect on the balance of payments and technological modernization.

[LD131443] Overall State Budget

DIARIO DE NOTICIA. Could you disclose to us some of the main aspects of the overall state budget for 1980?

Cavaco e Silva: The rate of growth of public consumption in real terms will be exactly zero. Expenditure ceilings compatible with this rate were issued to all ministries, and the information now at the Ministry of Finance's disposal indicates amounts which are in line with the target set.

The subsidies for public enterprises will be limited to the nominal value of last year's subsidies.

I cannot as yet tell you what the current budgetary deficit will be, but I wish to emphasize that, insofar as it will not stem from the expansion of public consumption, its magnitude will be different from what has occurred in previous years.

The overall deficit will be determined by the rate of expansion desired for our economy. It should be greater than last year, which is correct in view of the expected fall in foreign demand.

DIARIO DE NOTICIAS: And what about the allocations to increase the statutory capital of public enterprises?

Cavaco e Silva: The amount will be greater than in 1979. The government is prepared to support a real financial reorganization of the public enterprises. What it is not prepared to do is to divert the revenue from taxation or loans to pay for the shortcomings of some of those enterprises.

DIARIO DE NOTICIAS: And so far as opening up banking to the private sector is concerned?

Cavaco e Silva: What is essential for any government is to maintain its ability to implement the monetary and credit policy in keeping with the economic and social aims which it pursues. This ability depends on the existence of a framework law governing banking activity which will guarantee economic power's subordination to political power, while not denying the private sector access to the banking system.

There are private banks in other countries, without this reducing the effectiveness of the instruments of monetary policy.

DIARIO DE NOTICIAS: The possibility of revaluing the gold reserves, as a means of shedding some of the burdens concerning the public debt and securing new sources for financing the overall state budget, has been put forward. Do you endorse this hypothesis?

Cavaco e Silva: In principle I regard such a revaluation as a mistaken operation, and this is not an unconsidered stance. But such a revaluation should be effected with a considerable safety margin, using prices far lower than the rates recently reached by gold on the free market.

DIARIO DE NOTICIAS: Will this solution be used even in the draft budget for this year?

Cavaco e Silva: It is premature at present to answer that question.

DIARIO DE NOTICIAS: Is the government considering the possibility of selling part of the gold reserves?

Cavaco e Silva: No. That is out of the question under the present circumstances. Only if gold rose again, reaching even more exorbitant rates, which would be unlikely to be maintained; then it could be a profitable deal for the country....

DIARIO DE NOTICIAS: Does this government intend to draw up a medium-term plan immediately?

Cavaco e Silva: Yes. The government will work on drawing up a medium-term plan which will use in part a study already conducted by the World Bank. It is not possible to say immediately what form the plan will take, but it is important to emphasize that, in addition to coherent projections in macroeconomic terms, it will put forward a specific definition of investment for the next 4 years, taking into account the preparation of our economy for European integration.

DIARIO DE NOTICIAS: Do you believe that the steps which have been taken in the economic field will succeed in producing effects in time--that is, by the elections?

Cavaco e Silva: The government is not dominated by the date of the elections. Our activity has been aimed at really resolving the problems: increasing the population's purchasing power, expanding investment, encouraging public sectors productivity and giving impetus to entry into the EEC. If it succeeds in resolving the problems, the Democratic Alliance will win the elections again. But I believe that it would be a mistake in every respect to govern with our thoughts set on electoral dividends. What has been done so far in economic policy is correct. There are signs that the inflationary trend is being reversed, and if this is achieved, the country will have been rendered a great service. We must combat inflation. We must not learn to live with it. Income tax has been reduced. An attempt has been made to reduce waste in the public sector. And it is little over 6 weeks since the government was approved in the assembly.

[LD131445] DIARIO DE NOTICIAS: How will relations with the IMF proceed in the near future? The hypothesis of another annual standby agreement seems to be out of the question, but is recourse to other forms of medium-term credit, affecting structural changes, not acceptable?

Cavaco e Silva: As you know, the government maintains with the IMF the normal relations resulting from the fact that we are a member country of the organization. But I do not believe in fact that there is any need to sign a standby agreement of the kind negotiated at the beginning of 1978. However, I regard access to other forms of credit which you mentioned--especially the "Witteveen facility"--as advantageous. I believe that we should not miss chances to use foreign credit at favorable interest rates which make it possible to finance the necessary structural readjustments, bearing in mind entry into the EEC and the country's economic development.

DIARIO DE NOTICIAS: In connection with entry, have the meetings with [EC Commission Vice President] Natali in Lisbon already produced some specific results with respect to the joint action program to be financed by the EC?

Cavaco e Silva: The meetings went well. Progress has already been made in defining the general framework of that program, but it is too early at present to speak of specific results.

DIARIO DE NOTICIAS: Are you in the habit of working with the prime minister's economic adviser, Dr Rogerio Martins?

Cavaco e Silva: Obviously not. The ministers work with the prime minister and not with his advisers.

CSO: 3101

BASQUE REGION UNEMPLOYMENT REACHES 17.1 PERCENT

Bilbao **EL CORREO ESPANOL-EL PUEBLO VASCO** in Spanish 19 Dec 79 p 14

[Text] The unemployment figure recorded in the Basque region during last October reached a total of 85,025 persons, which represents 17.1 percent of the labor force according to a report prepared by the Labor Advisory Office through the General Directorate of the Studies Cabinet and the Employment Secretariat.

After listing a series of technical difficulties in making these estimates, it says that in attempting to overcome these obstacles, the Labor Advisory Office of the Basque General Council (CGV) is directing its efforts at obtaining real estimates on the rate of unemployment in the Basque region, in order to provide an indicator of the current situation and the evolution of what has become our major socioeconomic problem.

The statistics are presented at a triple level on the basis of the source and the technique used--recorded unemployment, total unemployment including special situations, and unemployment estimated by this advisory office.

The data are broken down according to historical territory, sex, age, sector of economic activity and occupational group.

A decrease is noted in the unemployment figures registered in Vizcaya and Guipuzcoa when these data are compared with those of the preceding month. This decrease was not due to a drop in the levels of unemployment, as it might appear, but to a screening of the files carried out in those territories.

The most marked feature as regards sex is that the rate of female unemployment is twice that of the males.

With regard to age, 55 percent are under 25 years old, which makes evident the current seriousness of youth unemployment. This seriousness is aggravated when it is noted that 30 percent of the registered unemployed have

never had a job, therefore they cannot even qualify for unemployment compensation. In this area of youth unemployment, younger women have the least opportunities, much less than those of younger men.

Recorded Rate of Unemployment

The recorded unemployment represents the number of jobless persons registered at the employment offices. But this information cannot be assumed to be a measure of the unemployment because there are many jobless persons who do not resort to the employment offices.

These figures must be complemented by three special situations that are the ones that constitute actual unemployment: Workers temporarily suspended from employment because of regulatory action of enterprises in trouble, workers prematurely retired, and workers affected by a reduction in the workday or a rotational suspension of jobs.

Discouraged Unemployment

The tally of unemployed persons cannot exclude those who, discouraged in their various attempts to find work because of the difficult condition of the market, give up actively searching for it. That is why when referring to unemployment rates, we cannot lose sight of the fact that we are implicitly having another variable introduced--the active population relative to whom the rates are being stated.

Each time that a person out of work ceases to actively search for a job, the official figure of the unemployed, the active population and the rate of unemployment drop. This fact, the inevitable consequence of the "official definition" of an unemployed person, could make the statistics reflect the situation of the labor market very imperfectly.

According to this report, the actual number of the unemployed turns out to be 149,537 persons, who constitute 17.1 percent of the potential active population and a rate of 18.6 percent in Guipuzcoa and 11.9 percent in Alava. Despite their gravity, these data seem to us much more in agreement with the socioeconomic reality of the Basque region than those officially furnished as recorded unemployment.

It would be possible even to add other types of hidden unemployment such as the jobless temporary workers, or the contingent workers and the demands for better employment.

The problem is out in the open. To study its causes--seasonable and structural, political and economic--and to undertake its proper solution

through a realistic and progressive policy of employment and industrial development in the Basque region is the challenge that the workers of our area have hurled at the CGV, a challenge that must be resolutely answered.

	<u>Alava</u>	<u>Guipuzcoa</u>	<u>Vizcaya</u>	<u>Total</u>
Total Unemployment Recorded	7,161	30,901	46,963	85,025
Rate of Potential Activity	39.35%	40.63%	38.67%	39.38%
Total Population in Oct. '79*	261,000	720,000	1,245,000	2,226,000
Potential Active Population	102,703	292,536	481,441	876,680
Active Pop. in 2d Quarter (+ Marginal Active People)	97,700	270,100	447,300	815,100
Unemployed Marginal Active People (2/3)	66	1,133	1,733	2,932
Discouraged Unemployed	5,003	22,436	34,141	61,580
Estimated Unemployment	12,230	54,470	82,837	149,537
Rate of Unemployment	11.9%	18.6%	17.2%	17.1%

*Own Estimate

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CSO: 3110

SVENSKA PETROLEUM REPORTS HIGH EARNINGS, EXPORTS

Stockholm SVENSKA DAGBLADET in Swedish 12 Feb 80 p 23

[Article by Richard Plate]

[Text] The 1979 earnings of the state oil company, Svenska Petroleum, were around 250 million kronor. Practically the entire amount came in the second half of the year, since results at the end of the first half were 6 million. No less than 215 million kronor came from exports of products that could not be sold in this country! These products have a sulfur content that is too high.

SVENSKA DAGBLADET learned of these figures and SP [Svenska Petroleum] chief Sture Agvald has admitted that company earnings were around that level. During the second half of last year SP's crude oil contracts began to function, explaining the rapid gains.

SP sales for 1979 were roughly 3.1 billion kronor. That will be surpassed by a broad margin this year. The company has firm contracts for 6.5 million tons of crude oil and it is probable that sales for the year will exceed 7 billion kronor.

Even taking into consideration the extreme circumstances prevailing in the oil market last year SP's progress is remarkable. The company rose to a 10 percent share of the market--15 percent if one includes sales to Swedish retailers. In 1980 they are counting on 15 percent of their own market and SP accounts for 28 percent of the oil coming into Sweden as well.

There were no SP profits from stocks on hand for the simple reason that there were none. An eloquent figure is the 35 million kronor in profits from sales made in Sweden compared with 235 million from export sales.

"The crude oil accepted for use in Sweden should preferably be fine enough to make mayonnaise from," Sture Agvald said. "That is why we couldn't buy all the oil OEF [expansion unknown] wanted. Fine oil is expensive and the board wouldn't pay what it cost."

"Svenska Petroleum bought all the crude oil the company could get on reasonable terms which means that we got a very mixed batch with regard to refinement possibilities as well as sales opportunities in Sweden. For example we were forced to export large quantities of naphtha.

Sulfur Returns

"Even worse we obtained a quantity of heating oil that also had to be exported since it had too high a sulfur content to meet Swedish regulations. It's really ludicrous. It was sold quite nearby so we are getting the sulfur emission anyway while other people profited on the deal."

Sture Agvald is very critical of Swedish sulfur regulations which he feels were arrived at too hastily. For example there are many areas of the country that are rich in limestone, making sulfur emission a minor problem there. Consequently a lot of money could be saved if the regulations were more selective.

Svenska Petroleum now has long-term contracts with six oil countries. Most of the oil comes from the Middle East and has a fairly high sulfur content. SP's most important contract is with Saudi Arabia. It went into effect late last fall and runs for several years. The quantities are a secret but at present the mix is usually 65 percent lighter oil--mainly Arabian light--and 35 percent heavy oil.

SP also imports both light and heavy crude oil from Iran and high-sulfur heavy oil from Iraq which is now in second place in the OPEC league. SP gets low-sulfur light oil from Nigeria and from Forties in the British section and Noko in the Norwegian section of the North Sea.

Seeking Refinery

"We are now refining at top speed at four refineries and we are part owner of two of them," said Sture Agvald, "namely Scanraff and BP's Goteborg refinery. We have contracts with Shell Oil in Goteborg and with the Finnish Neste.

"We are now looking around for a fifth refinery. There are various possibilities. We are interested in refineries with the 'right' product mix and at a good shipping distance, which means Norway, Denmark or Great Britain."

The fact that things went well in 1979 does not mean that SP has no problems. Sture Agvald stressed the company's mixed deals with access to crude oil that is not always well-suited to the Swedish scene, resulting in production that has to be exported.

"Wrong" Customers

The fact that SP was able to take over some customers from other oil companies without asking last year has not contributed to sales in line with SP's production. On the contrary. It is the "hard" areas, for instance home heating oil, that SP took over.

"We need something else in order to provide both the proper flow and the right administration of our activity," said Sture Agvald.

Texaco on the Move

It appears that Svenska Petroleum had the best year-end results of all the Swedish oil companies.

But SVENSKA DAGBLADET has learned that Texaco also had good earnings for last year. Net operating profits were around 225 million kronor and an equal amount was earned on stock in hand, giving a total profit of approximately 450 million kronor.

This development has permitted Texaco to be the most expansive company on the Swedish market. At present 300 million is being invested in Scanraff, of which Texaco owns half, and the company is reviewing its gas station network. The financial situation has also allowed substantial loan payments.

Since Texaco is regarded as being the toughest multinational company in operation the development outlined indicates that the Swedish market cannot be viewed as totally impossible. But like SP Texaco earned a great deal from exports.

Texaco's results depend to a large extent on the company's access to Saudi Arabian crude oil. It is reported that in view of today's top Swedish prices Texaco is still doing good business. SVENSKA DAGBLADET does not know how things are going with the company's cooperating partner, the East Asiatic Company. But the company's own projections indicated sizable profits.

BP of Sweden occupies an intermediate position between the companies that had economically favorable crude oil supplies and those that mainly lost money on the product market. From what we have learned net operating profits were around 100 million kronor. Presumably profit from stock on hand was three times that amount.

Swedish Shell finds itself in a poorer situation. From 35 to 40 percent of its supplies came from the spot market. Shell chief Alf Bergman said this resulted in a 3 percent decline in sales compared with 1978.

Shell reports earnings of 205 million kronor. If we subtract earnings on stock in hand the company would have had a loss of 180 million! The profits on stockpiled reserves were 385 million. This development has forced Shell to take out a loan of 316 million kronor to finance warehouse credits.

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CSO: 3109

SVENSKA PETROLEUM SIGNS PACT WITH SAUDI ARABIA

Stockholm DAGENS NYHETER in Swedish 13 Feb 80 p 26

[Article by Lasse Hoglund]

[Text] Starting this year Sweden will be importing around half of its crude oil requirements from the world's "cheapest" oil nation, Saudi Arabia. This is the result of state-run Svenska Petroleum signing the biggest direct agreement to date with any oil exporter.

The agreement was signed last fall but was not known until now. The only thing that was known earlier was that Svenska Petroleum (SP) would buy oil from Saudi Arabia during the last quarter of last year.

"But we signed a contract then," SP president Sture Agvald told DAGENS NYHETER. "The agreement runs for several years and involves a very large volume. The amount is a secret but it is more than the 2 million tons a year mentioned by VECKANS AFFARER.

"We are very pleased with the agreement which involves the most profitable oil, a factor that is very important to us."

SP can look back on a very successful 1979. Earnings were around 250 million kronor. Most of this sum, 215 million, came from exporting refined products in excess of domestic needs such as gasoline or products that could not be sold in Sweden due to the strict requirements for a low sulfur content.

SP already disposes over refinery capacity of more than 5 million tons a year in the jointly-owned Scanraff and the BP refinery in Goteborg and through the leased capacity in the Shell refinery in Goteborg and the Finnish Neste refinery.

The company is now looking around for more refinery capacity to handle the flow of oil from Saudi Arabia. Discussions are taking place on leasing unused capacity from refineries in Norway, Denmark or other nearby lands.

"Now we have enough oil," said Sture Agvald who estimated that company sales will rise from last year's 3 billion kronor to at least 7 billion this year.

Swedish oil imports total roughly 16 million tons a year. And in recent years the Saudi Arabian share of this has gone up from 20 to 30 percent. With the latest contract for at least 2 million tons Saudi Arabia's share will come up around 50 percent.

In all we use around 26 million tons of oil products in this country. Around 10 million tons of these products come in as finished products, primarily through contracts the multinational companies have with their parent companies.

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SAUDI ARABIA TO INVEST OIL MONEY IN COUNTRY AFTER PACT

Stockholm SVENSKA DAGBLADET in Swedish 14 Feb 80 p 21

[Article by Nils Rolf]

[Text] Dubai--The oil money from Saudi Arabia will be invested in developing Swedish inventions and designs. The counterpart is that international exploitation of the products will be handled by interested parties in Saudi Arabia.

Thomas Nilsson Innovation, Inc. in Stockholm has now signed a preliminary agreement along these lines. Within a budget of 12 million kronor the company will take a year to inventory potential development projects in Sweden. The talks were held in connection with Tor Scandinavia's exposition trip to the Middle East.

The work will concentrate on three major areas: alternative energy processes and energy savings; health care and mass communications systems.

The background for the cooperation is that there are great risks and costs involved today in bringing out real innovations. STU [expansion unknown] and the development funds are not enough, according to director Thomas Nilsson. State bodies must show a certain amount of caution and tend to spread their subsidy funds out over several projects.

But it is hard to find real risk capital for large projects here at home, Nilsson said.

A year and a half ago he met with Arab businessmen in London. They were looking for new ways to invest the rapidly mounting oil revenues in West Europe. They wanted to invest their money in technical developments, find a way to buy into a piece of the future.

The reason is that the first wave of investments in products and property was followed by uneasiness about the long-term development of the gold market and uncertainty about the stock market. Now they are trying

to buy know-how and find ways to reduce their own dependence on oil.
The Saudis emphasized that they are very interested in Swedish expertise.

The talks were held with a consortium that includes [as published]

Thomas Nilsson stressed that the idea is not to sell out Swedish ideas.
Instead the intention is to develop and manufacture these projects in
Sweden while allowing the consortium to handle international marketing.

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CSO: 3109

PAPER APPLAUDS NATURAL GAS PACT WITH DENMARK

Stockholm DAGENS NYHETER in Swedish 12 Feb 80 p 2

[Editorial]

[Text] Natural gas is coming to Sweden. Everything starts off slowly, of course. The Swedish-Danish contract that was just signed starts off with "only" 440 billion [as published] cubic meters of gas a year, the equivalent of roughly half a million tons of oil. This is considerably less than the Ruhrgas agreement on 1.2 billion tons that we lost out on due to the cold feet of the Liberal government and the parliamentary majority last spring.

But for an entrance ticket costing 200 million kronor invested in the Danes' own gas pipeline system costing 6 billion kronor for bringing the North Sea gas ashore--the amount of gas there is conservatively estimated at 65 billion cubic meters but is probably three or four times that--Sweden has now received the important thing: an option, a prior right, to 1.5-2.0 billion tons of gas a year. We can get that volume toward the end of the 1980's they calculate at Swedegas, the state body in charge of this affair.

Say that by the end of the 1980's we are receiving 1.5 billion tons of natural gas to supply Swedish energy needs and that the gas is spread from the four-city area of Malmo-Lund-Landskrona-Helsingborg northward to the Goteborg region and beyond. This means that 1.5 million tons of oil, with its environmental pollution and unreliability of supply, have been replaced by clean natural gas, the cleanest natural fuel in existence. This is more than the 14 terrawatt hours of natural gas the nuclear power opponents included in their energy balance sheet for 1990. Remarkably, the Liberal government, the Consequences Committee and the nuclear power supporters have not counted on natural gas at all so far.

For aside from or in addition to the Danish North Sea gas there is the prospect of the Norwegian gas that goes to Emden in Germany and could

eventually be hooked up to the Danish-Swedish network. Enormous new gas deposits have just been found in a Shell field at the same latitude as Bergen.

There is much to indicate that natural gas from the North Sea will eventually make an even larger--and cleaner--contribution to West European energy supplies than North Sea oil. It is not just the Danish and Norwegian gas that is involved. In some fields English companies are prohibited from taking out oil as long as they continue the wasteful practice of burning off the gas instead of using it or at least pumping it back in.

Couldn't Swedish technology go in for fluid methanol factories? And didn't Volvo chief Pehr Gyllenhammar recently propose a gas pipeline from the Norwegian Sea for the purpose of methanol production in Norrbotten?

Methanol instead of gasoline would mean a cleaner environment and it would eliminate lead and other additives. And it is safer to bring natural gas here in liquid form as methanol than in the form of LNG with its risk of explosion.

The gas pipeline system we build up will not have to be shut down in a few decades, as would be the case with some other energy systems in the several billion kronor class. For when and if the natural gas runs out the pipeline system can be used for domestic gas production from biomass, waste and many other things. This provides a flexible transport system for an environmentally clean fuel.

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CSO: 3109

'GENERAL DEFENSE EXERCISE '80' CONSIDERED SUCCESSFUL

Geneva JOURNAL DE GENEVE in French 23 Jan 80 p 11

[Article by Jean-Pierre Gattoni: The General Defense Exercise Is Coming to an End]

[Text] The commitment is total. The capacity for reaction of those who are mobilized is surprising." Division Colonel Rapold, who is supervising General Defense Exercise '80, is very satisfied. In the Berg region, where several thousand men and women are trying to cope with all "extraordinary situations" that might arise, the exercise is drawing to an end. The cooperation between military and civilians is deemed excellent. It took only a few hours to grease the wheels in this defense exercise which for 5 days and 3 nights has sorely tested the nerves and the endurance of the participants (see our editions of 16 January).

The "extraordinary situations" take into account the threats of the present day world. Even if the scenario is kept secret, we can imagine all sorts of difficulties in the most diverse fields. Use your imagination: interruption in the supply of natural gas, dam breaks, electronic warfare, blackmail. Or difficulties that would develop from a situation involving aggression, also imagined. As of that moment, all "echelons" involved in the exercise must cooperate, process the data, and make decisions.

The staffs of the participants are at eight different locations. Thus there are liaison and coordination problems that must be solved precisely and quickly. On the other hand, the continuous activity (day and night) and the special cohabitation conditions create friction that requires tenacity to eliminate or overcome.

At one of the locations, for example l'Allmend, in the city of Bern is the headquarters of the civilian command. There, among other things, is the imaginary federal council, the federal chancellory, and the federal departments.

The international situation is attentively monitored there. Thus yesterday morning in the finance department it was learned that an ounce of gold was quoted at \$1,500, foreign funds frozen, and exchange control reestablished. In the other departments identical information, analysis, and evaluation work is accomplished. The chancellery is informed, and then this information is forwarded to what will be called the "situation conference," and finally to a crisis staff charged with preparing the decisions of the federal council. If necessary--and the need has arisen in the exercise--the council will request full powers from the parliament.

"The exercise federal council is first-rate and fast," was reported to us at this site. "The president of the confederation, liberal Claude Bonnard, is remarkable," is the comment at the Chancellery. In the military department, the secretary general, Hans Ulrich Ernst, did not hide the fact that he was "very satisfied" with his federal councillor, in this case national councillor Reichling (UDC/ZH).

In short this exercise which is ending today has made it possible to evaluate the reaction capacity and the general performance of the political and military authorities of the country in the event of serious crisis. From that standpoint the exercise is here and now considered to be highly instructive. Its cost should come to around 400,000 francs, but those in charge of the exercise say that the 270,000 francs which would have been committed in any case for routine service activities should be deducted from that figure.

7428
CSO: 3100

FEDERAL COUNCIL VOWS 'NO SLACKENING IN DEFENSE MEASURES'

Geneva JOURNAL DE GENEVE in French 20 Jan 80 p 3

[Article by Jean-Pierre Gattoni: No Slackening of Security, Insists the Federal Council]

[Text] Doubt--if it ever existed--is no long permissible; the security of the country, Switzerland's security, remains a priority objective of the policy of the federal council. In an interim report "concerning security policy" (dated 3 December but published today), the government hammers out its conviction on each page: the stubborn efforts to improve the country's defense must be continued. Better yet, in order that the principal weapon of Switzerland's security policy, deterrence, may be effective, it is necessary to supply it unceasingly with personnel, materiel, and financial resources. In this report the government also reveals that a new concept of general defense will probably be submitted to the parliament in 1985. Its reexamination is going well. We suspect that the report does not take into account recent international events (Soviet invasion of Afghanistan, for example), but the federal council notes that during the last 7 years Switzerland's situation with regard to security policy "has not become simpler" and that the economic and military threats have increased.

In reality it was the radicals who challenged the federal council on the subject on 22 June 1978. The 1973 report on Switzerland's security policy required an updating. The radical group in the houses of parliament demanded that the government reveal to what extent the threat had changed since 1973 and what the consequences were for the development of the general defense of the country.

To correctly evaluate the security policy development, the federal council considers various factors: the international political situation, the military threat, the economic threat, espionage, terrorism, and subversion.

There is no doubt--and this is the characteristics of the first item--that detente has been strongly eroded by increased rearment in Europe and by localized wars. The recession, another aggravating factor, has mercilessly struck both the Western economies and those of the eastern countries.

The Faces of the Threat

The military threat? Still present, and oh how present it is! The two great powers are powerfully armed. The federal council fearfully notes that the political importance of nuclear weapons is increasing and that the conventional arms of the Warsaw Pact countries are currently more numerous than those of NATO. The report hazards more precise assessments: six times as many tanks, twice as many combat aircraft. Here the authors of the report wax poetic. In it we can read that "the number of ground forces penetrating Switzerland could transform the entire territory into a vast battlefield, thus throwing several army corps into the fray at the same time."

An economic threat, and it is brutal. The oil crises of 1973 and 1979 have demonstrated the vulnerability of our economy. An impressive figure is that Switzerland must import 85 percent of the energy that it needs, especially in the form of petroleum products.

A still greater threat is espionage. Switzerland, says the report, is the nerve center of information-gathering activities. Take care!, it adds. Espionage is a grave danger because it undermines the country's institutions.

And Those of Defense

So what can we do? Conduct a security policy on several fronts that go together and are interdependent and constitute the basis of the general defense of the country. The federal council is thus committing the following strategic resources: foreign policy, army, civil defense, procurement of supplies, foreign economic policy, "complete and objective" information, psychological defense, and protection of the state. Those are the indispensable "weapons" for maintaining national independence.

Let us give some characteristics that are common to all these tasks. The military power of Switzerland is forced to grow. It is provided for in the "Army 80" master plan through the increase in the antitank capability and the strengthening of air defense in particular. In the matter of supplies, the new constitutional clause, which will be put before the people on 2 March, will make it possible, says the report, to deal with military and economic threats. A matter still to be taken up is that the Federal Council is of the opinion that foreign economic policy should concentrate its efforts on the supplying of raw materials and at the same time on economic cooperation for development, if only for purely selfish reasons. After all, a quarter of Swiss exports go to the developing countries. In fact their capacity for credit has a great influence on the economic situation of the industrialized countries, of which Switzerland is one.

The federal council is admitting, in the final analysis, that this whole national defense system has been developed and improved methodically since 1973. But it also warns that we should not become smugly complacent. The "threats" are constantly changing, as are their forms. That is why the federal council has begun to study a new concept of general defense. What will it be? The Parliament will be alerted in 1985.

Loopholes in Arms Trade Legislation

One chapter of the report is devoted to arms trade legislation. The federal council "notes important gaps in arms trade legislation, especially regarding the exporting, custody, and carrying of weapons." It deplores the fact that on several occasions automatic rifles, lawfully purchased in Switzerland, have ended up in terrorist organizations abroad. But a new federal law on firearms trade, currently being prepared, will be able to control this traffic more effectively, it concludes.

A Few Small Billion

Everything including general defense, has a price. And we blithely spend billions of francs there. Here are a few facts and figures: from 1975 to 1979 Switzerland spent 4 billion more for general defense than during the first half of the decade, i.e., 28 percent more. The military defense share is big. In 1979, for example, this item is costing the confederation 3.1 billion out of the 3.75 billion devoted to general defense. Thus in 1979 Switzerland has devoted a little more than 2 percent of its PNB [Gross National Product] to general defense, and this item comes to some 163 billion francs. There are many countries that do more in that domain, but their territory and configuration are quite different; Sweden, for example, devotes about 4 percent of its PNB to defense.

7428
CSO: 3100

SULEYMAN DEMIREL: 'EUROPE MUST NOT REGARD TURKEY AS SICK MAN'

Paris LE MONDE in French 13 Feb 80 pp 1, 7

[Interview with Prime Minister Suleyman Demirel by Edouard Mortimer, of LE MONDE; time and place not given]

[Text] Hayrettin Erken, Turkish minister of foreign affairs, during a press conference in Brussels on 6 February said that he was "very hopeful" of being able to submit, before the end of the year, his country's request for membership in the EEC [European Economic Community]. He hoped that Greece "did not intend to raise any objections." Turkish Prime Minister Suleyman Demirel explained what he meant by this application in an interview that he granted to newspapers--LE MONDE, THE TIMES, and LA STAMPA. He said that one must not regard his country as a "sick man."

Ankara--[SD] "We are determined to remain in Europe...We do not want to be apart from Europe." Demirel repeated his ideas on this subject with such spirit that, through the strength of his personality alone, he seemed to be trying to anchor Turkey in the West and to save it from Asia.

[SD] "We want to be a full member of the EEC..."

[EM] "But the present situation of the Turkish economy..."

[SD] "That is not the problem; it is a technical point...All that I am saying is that Turkey must become a full member of the EEC. When and how, that is another matter."

An official request for membership, he remarked, in any case would be followed by long negotiations. Therefore Turkey's present difficulties do not prevent such a request in a near-at-hand future. In the meantime, the present situation of associate member must be in effect and give Turkey a special status in the process of cooperation of The Nine.

He recalled the significant number of Turks who went to work in the Community during these past 15 years, and added: "I am the one who sent these people to Europe, not only to earn money, but to become part of an industrial society...Europe was to be an education for us."

Turkey's allies must not be worried about Turkey, he said. "Turkey is not worried. However serious the problems are, there is a government that faces them, and we know what must be done. Rather than worry over what could happen to us, our Western friends and allies would do better to help us."

He said that Turkey has need of assistance for its economy and its defense, in spite of the progress achieved in 30 years. "We have constructed power stations, irrigation systems; we have implemented quite a few things...We have some trucks, tractors, factories. All of that was stopped, because in 1978-1979" (years during which his opponent, Bulent Ecevit, was in power) "we were not able to obtain enough money to finance the deficit of our balance of payments."

The prime minister said that this deficit was not due to miscalculation, but was part of a necessary developmental strategy. "Right now, there are 900 billion petro-dollars in Europe and the United States...All that we would like are \$10 or \$15 billion over the next 10 years. We do not want political aid. We will repay the capital, with interest."

[SD] "We have paid back every centime. Turkey does not collapse under debts; it is not the country that is most in debt in the world. One must not regard it as a sick man."

He added that the \$1.5 million necessary to balance the accounts of the country in 1980 is almost already covered by the International Monetary Fund, the government of the United States, and some other countries of the OECD [Organization for Economic Cooperation and Development]. But it is important to put this money "in Turkey's hands" as quickly as possible, and it is for this purpose that at this moment Turgut Ozal, his undersecretary for planning and principal economic counselor, is making a tour of the Western capitals.

[SD] "If, in the next 3 months, I can restore confidence inside and outside the country to the extent that the Turkish Central Bank can pay its bills for oil, fertilizer, steel, medicine, and the rest, then I think that my work will be easier and I will not need anything else this year."

Four hundred million dollars have already been received, said Demirel, in the 10 days after the announcement of the government's economic program.

A portion has already been used. More than \$220 million came from the IMF [International Monetary Fund], approximately \$100 million from the American government, and several hundreds of millions from commercial banks.

Turkey, he added, would not need such aid indefinitely. "Turkey can become a country that will be able to support itself in the next 10 years." It would already have arrived at this point by now if it had not been for the price increases in oil since 1973 and the loss of time owing to governmental instability.

From the military point of view, Turkey needs to import great quantities of heavy equipment for defense, to replace what has become obsolete since the 1974 American embargo, added Demirel. But Turkey should not have to bear the financial load by itself, which would cause it to have to sacrifice economic development.

The Size of the Public Sector

Demirel rejected the idea that his economic measures could violate Ataturk's principles. "I do not think that Ataturk was ever a partisan of state control," he said, at variance with the opinion in Turkey. "He was not a man of doctrine, you know, but a pragmatist." "Settle the problems of the country with the means of the country," he used to say.

[EM] "Do you intend to reduce the size of the public sector?"

[SD] "Perhaps not with this government," he said. "I might not have enough support in parliament, but my party does not want a government that exercises too much state control."

Referring to a statement made by Enrico Berlinguer, Demirel said that one should not further nationalize enterprises until the existing public sector becomes profitable.

He nevertheless denied that he is a monetarist. He does not see why one should set limits on monetary growth and thinks that a 21 percent rate of interest on deposits is already high enough, even with an inflation rate that is close to 100 percent. And neither is he convinced of the need of a revenue policy. Turkey remains associated with its present system of pegging prices to the revenue of the public sector and purchasing power should be kept at its pre-devaluation level. "You cannot cure inflation by decreasing purchasing power or with higher prices."

The important thing is to again put factories to work and to make goods available on the market.

With respect to the struggle against terrorism, Demirel appeared less optimistic. In his opinion the matter was aggravated by the amnesty granted by the Ecevit government in 1974 and, at least implicitly, by the intervention of the army which in 1971 forced him to leave. "Political instability is the cause of the destruction of democratic authority in our country." The principal terrorist threat comes from communism, he insisted. The extreme rightist terrorism has been essentially a reaction.

With respect to the international situation, Demirel said that the Soviet invasion of Afghanistan should preoccupy the free world. He does not know what the appropriate answer is, but he is skeptical about the measures that have already been taken. None has saved Afghanistan, he remarked. He does not think that the Russians were surprised at the extent of world reaction. "They have attained their objective," he said. But was not the reaction of the Moslem countries greater than anticipated? "That did not save Afghanistan," he repeated sadly.

Demirel agreed that further effort is necessary to solve the problems that have poisoned relations between Turkey and NATO, but he refused to put Cyprus and the Aegean Sea in that category.

"Cyprus and the Aegean Sea have nothing to do with NATO," he said. "That is between Turkey and Greece." "Aid from NATO in these affairs would only complicate matters." In Cyprus, Turkey encouraged the two communities to resume negotiations. "I do not think that that can be settled very quickly, but it should be. We want it to be."

8255

CSO: 4900

GENERAL CALLS FOR UNITY AGAINST TERRORISTS

TA281211 Ankara Domestic Service in Turkish 1000 GMT 28 Feb 80 TA

[Excerpt] The VI Corps and Adana, Kahramanmaraş, Gaziantep, Adiyaman and Hatay martial law commander, Lt Gen Nevzat Bolugiray, has said: The armed forces will succeed at the cost of martyrs and will not abandon the Turkish nation to the hands of gangsters.

Lt Gen Bolugiray was speaking at a funeral ceremony held for the two soldiers killed by terrorists in Adana 2 days ago. He said the martyrs, Ilbey Gunes and Gulbey Karatas, were killed by degenerate terrorist while serving their country in the holy army. He said: I feel I must now express the views and feelings of all my soldiers. Today, our country is going through an undeclared civil war which is the result of years of neglect. Those who perpetrate this war emerged from among us, but then remained outside us. They are traitors. They are worse than criminals--no longer human, no longer Turks, degenerate to the point where they could kill Ilbey and Guley--their brothers, two poor sons of this nation--from behind. Who raised these unfortunate murderers? How does this happen? Can the economic and social crisis which undeniably exists be eliminated by the denial by a certain number of such unfortunate souls of their nation, flag, ancestors and country, by their murdering their brothers? Here, before our martyred soldiers, I am calling on all responsible persons: Unite, help us to stop this bloodshed, this current of events.

At the same time, I call on all responsible administrators, political party members and all public and private establishments in our region: You must unite in order to bring peace and security to the region. You must organize with feelings of friendship, brotherhood and love, and actively participate in the struggle against the unfortunate souls who have lost track of right or wrong. You must purge all kinds of personal or organizational considerations and interests and take a firm position in this struggle.

Lt Gen Bolugiray then said: I am calling on all our citizens in the region: The perpetrators of these murders are setting up organizations in order to--and they believe in it --save the people--you--or to help the state. They

are unfortunate souls who make life miserable for their own people and who try to make the nation believe in their thwarted beliefs and opinions. The security forces are waging a continuous struggle against these traitors in order to prevent any attacks, from whatever direction, against the state, the law, the people, against you. My forces are trying to insure your tranquillity and security, acting upon my orders, completely impartially and without discriminating against political beliefs or tendencies.

We are trying to destroy these unfortunate souls within the principles of free democracy and with its power. However, my dear citizens, you cannot remain mere spectators in the struggle of the security forces, who are fighting for you. You cannot have peace in your house or office unless you help our security forces--whose sole duty is to insure your peace and security--when they patrol your streets. As the children of those people who fought with pickaxes and shovels against the imperialists during the war of liberation, you must take a firm position against anarchy and terror. You might save your house, office or yourself. However, you must realize that if a disaster happens in our country tomorrow, you will lose all of these as well as all your freedoms. Without a country, what value do property or life have? You must take your position, materially and morally, beside the security forces, which have come from among you. You must participate in the struggle against anarchy and terrorism. It might be too late for you or for Turkey if you wait until tomorrow.

CSO: 4907

TURKEY

PRESIDENT DENIES AUTHENTICITY OF 'FAKE COMMUNIQUES'

TA290940 Ankara Domestic Service in Turkish 0900 GMT 29 Feb 80 TA

[Text] President Fahri Koruturk has said that certain fake communiqes fostering divisiveness are being issued under the name of the National Security Council and that these are completely false. President Koruturk said: The organizers of divisive activities of treason and their collaborators will account for their deeds before Turkish justice, and they will receive their punishment mercilessly.

According to the presidential press and public relations office, the president issued the following announcement: I have learned with great regret that certain fake communiqes, daring to use the name of the National Security Council, have been issued lately alleging that the state is discriminating among its citizens. These communiqes have reached the political parties and the newspapers. I would like to stress that these communiqes are completely false. We are the sons and daughters of a great nation who have lived in full unity, solidarity and brotherhood in this motherland, who have fought side by side against the enemy for the independence of our country and who have given martyrs and produced war veterans for this purpose. I would like to stress one point to our citizens: Traitors and foreign enemies who try to divide nations and lead them to civil wars, organize and try to implement shrewd plans in order to turn existing sectarian differences into civil wars. These fake communiqes are nothing but such schemes.

The president went on to say: We are the members of a nation who have shared fate, happiness and grief for ages and ages. In Turkey, our citizens have full employment, education, professional equality and equality in exercising their rights recognized by the law. This is also a constitutional order. The allegations to the contrary that are being propagated in the name of the National Security Council are completely false. They are new schemes by the divisive forces. I have no doubts that my citizens will correctly assess--with their common sense I never doubt--the reasons why these letters and communiqes are being distributed as well as the terrible mistake and treason the organizers and distributors of these communiqes are committing.

At this opportunity I would also like to point out that the criminals who attack our very valuable policemen and the members of the heroic Turkish army--who are working with great sacrifice to insure the supremacy of law, the security of life and property--the organizers of the divisive activities of treason I mentioned above and their collaborators will account for their deeds before Turkish justice, and they will receive their punishment mercilessly.

CSO: 4907

TROOPS TAKE IZMIR TEXTILE FACTORY BY ASSAULT

Paris LE MONDE in French 16 Feb 80 p 40

[Text] In Turkey.

Support by armored cars.

Ankara (REUTER)--Thursday several thousand Turkish soldiers, supported by armored vehicles, attacked a textile factory in Izmir in the western part of Turkey, and forced out the thousand workers who were occupying it. Before that, a policeman was wounded in a volley of shots. The Izmir workers were protesting the collective dismissals of leftist workers that took place after the advent of a rightist government in November. The army took action in other cities against workers who manifested their sympathy for the Izmir strikers.

In Kars, near the Soviet border, leftist sympathizers dynamited some banks, but no mention was made of victims.

In Istanbul, several stores remained closed on Thursday after some unidentified persons threatened merchants with violence if they did not close their establishments in protest against the significant price increases included in the recent economic measures of Prime Minister Suleyman Demirel.

According to the police, 300 persons were arrested after these threats.

In Tunceli, in the eastern part of the country, there was an exchange of shots between the police and leftist demonstrators, partisans of the occupation of the Izmir textile factor. One person was killed; three were wounded.

Ecevit, former prime minister and leader of the opposition, accused Demirel's government of employing Gestapo-type tactics against some citizens and of having exercised "the worst repressions that the world known since the government of Idi Amin in Uganda."

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CSO: 4900

BRIEFS

TURKEY UNLIKE AFGHANISTAN, IRAN--RPP leader Bulent Ecevit stopped over in the FRG on his way home from Denmark and held a meeting with Turkish workers in Hamburg. Our correspondent in Hamburg reports that Ecevit also met with officials of the Social Democratic Party and the FRG labor Union. AKAJANS [Mediterranean News Agency] reports that in a speech at the meeting with the Turkish workers Ecevit said: Divisive, racist and fanatic religious movements created in Turkey by imperialist forces are making our people kill each other. The Turkish nation will know how to overcome these. Ecevit then said: Turkey is not an Afghanistan, an Iran. There is democracy in Turkey. The Turkish economy will improve with your help. Do not refrain from helping Turkey. As you know, the FRG, where you have been living for years, is now extending great help to Turkey. This help must be used efficiently at home. Otherwise it would be a great mistake. [Text] [TA251715 Ankara Domestic Service in Turkish 1600 GMT 25 Feb 80 TA]

MARTIAL LAW CHANGES--A statement by the American and Sivas martial law command says that the Erzincan martial law command will now join with the Erzurum and Kars martial law command beginning 20 February, as martial law in Sivas has been lifted by the government decree approved by the parliament. [Ankara Domestic Service in Turkish 2000 GMT 23 Feb 80 TA]

NEW ENVOYS--President Fahri Koruturk received today the new Bangladesh and U.S. envoys to Ankara at the Cankaya Mansion. The president first received Bangladesh ambassador to Ankara (Fazzal Rahman ul-Mahmud) at 1100 and U.S. ambassador to Ankara James Spain at 1200, separately. The ambassadors presented their credentials at usual ceremonies. Foreign Minister Hayrettin Erkmen also attended the ceremonies. [Text] [Ankara Domestic Service in Turkish 1000 GMT 26 Feb 80 TA]

EUROPEAN INVESTMENT BANK--An agreement was signed between Turkey and the European Investment Bank in Luxemburg today whereby the latter will extend an additional loan of \$105 million for the construction of the Afsin-Elbistan thermoelectrical center. The loan, which will be extended within the framework of the third financial protocol signed between Turkey and the EIB, brings the European Investment Bank's contribution to the Afsin-Elbistan project to \$197 million. At its completion, the center will increase Turkey's

present electricity production by one third, energy and natural resource ministry officials have said. The center will use the coal in the Elbistan region and will produce an amount of electricity equal to that produced by 2.5 million tons of fuel oil yearly. [Text] [Ankara Domestic Service in Turkish 1600 GMT 26 Feb 80 TA]

ECEVIT STATEMENT ON TCP--Nationalist Action Party deputy leader Sadi Somuncuoglu has said that communists, who used to attack only his party members have now begun attacking the Turkish policemen and troops. In a statement in Ankara, Somuncuoglu reiterated his belief that communism was at the root of anarchy and terror. Referring to a statement by Ecevit who tried to show the establishment of a communist party in Turkey as a necessity of democracy, Somuncuoglu said: Ecevit's statement seems more a result of his protective and supportive stand toward communism rather than concern for democratic principles. Ecevit has once more revealed his true feelings. [Text] [TA281815 Ankara Domestic Service in Turkish 1600 GMT 28 Feb 80 TA]

EXECUTION OF TURKS IN IRAQ--Ankara, 24 Feb (AA)--Foreign Minister Hayrettin Erkmen admitted five Iraqi citizens of Turkish origin had been executed recently, but that the Turkish Government had tried its best to stop the execution "through diplomatic channels." Making the statement during the National Assembly debate on his ministry's budget, Erkman added, however, since these persons were Iraqi citizens, it would have been against international law for one state to interfere in the implementation of the penal laws of another. Eighty-three faculty members from universities and higher schools in Ankara issued a statement Sunday deplored the execution in Iraq during January 1980 of five members of the Turkish community there, including a university professor. The statement was released by Associate Professor Haluk Karamagarali of the faculty of theology. [Text] [TA241612 Ankara ANATOLIA in English 1545 GMT 24 Feb 80 TA]

GOVERNMENT FOREIGN POLICY CRITICIZED--Ankara, 23 Feb (AA)--National Salvation Party [NSP] leader Necmettin Erbakan claimed that Prime Minister Suleyman Demirel's current views were the same as those of the advocates of a "U.S. mandate" in the 1920s, back during the Turkish liberation war. "The ship of state will not sail on words," Erbakan commented, saying Demirel's claim that there was no other alternative was no different from those who had said Turkey had no other alternative than becoming an American mandate following World War I. The NSP leader was critical of the government's relations with Western financial institutions, claiming it was "blindly dependent" on them. He charged the International Monetary Fund with blocking Turkey's development. Erbakan said he would announce the NSP's view on the forthcoming presidential election in parliament at a press conference mid-March. He claimed there was imbalance between advantages and commitments for NATO members and predicted Turkey would not really be consulted about Greece's return to NATO's military wing. [Excerpts] [TA231753 Ankara ANATOLIA in English 1600 GMT 23 Feb 80 TA2

DEMIREL COMMENTS ON ARAB RELATIONS--Ankara, 22 Feb (AA)--Prime Minister Suleyman Demirel said Turkey's problems should not be minimized, for they were not problems to be solved by a mere change of government. Talking to reporters following his weekly interview with President Fahri Koruturk,

determination, without exaggerating problems" if the problems were to be solved. He warned if the "stable balance" his government has established were upset, Turkey would be face to face with difficulties once again. He asked for "understanding" on the part of everyone and called on the public not to be misled by provocation. Asked to comment on a statement by RPP leader Bulent Ecevit that everything "antidemocratic" was possible under present circumstances, Demirel called the statement "highly abstract" and invited Ecevit to reveal anything he knows to support his statement. He pointed out all democratic institutions, including parliament, existed in Turkey. Demirel called his government's relations with the Islamic and Arab world "fine" and rejected allegations of any "rupture". He noted it was the Justice Party which led Turkey into the Islamic countries conference and organized a session in Turkey. With reference to the extension of the provisional status of joint military installations with the United States for another month, Demirel said negotiations on principles of a new Turkey-U.S. defense cooperation agreement had already been concluded and the agreement initialled, but some "details" had to be worked out, he hoped, within a short time. On whether Turkey would take part in the Moscow olympics, Demirel called for "some more patience" on the subject. [Text] [TA211522 Ankara ANATOLIA in English 1500 GMT 22 Feb 80 TA]

ANTITERRORIST LAWS--Amendments to several laws on public order and the police force, known as the anti-terrorism "package" went into effect today upon publication in the official gazette. Provisions of the amended laws authorize police to search persons upon instructions by the civil administrator, allow governors to call in for aid from the military when needed, increase sentences for violation of the law on demonstrations from indulging in activity not related to their original purpose, and prohibit members of the police force from forming associations. [Text] [TA231958 Ankara ANATOLIA in English 1430 GMT 23 Feb 80 TA]

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END